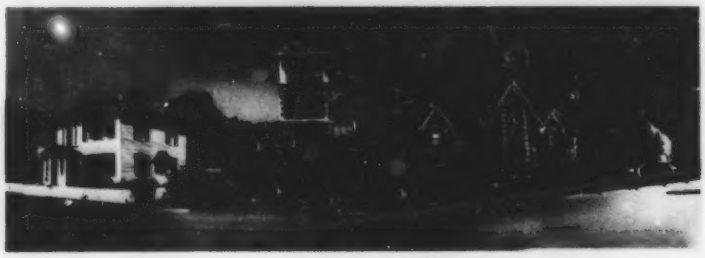
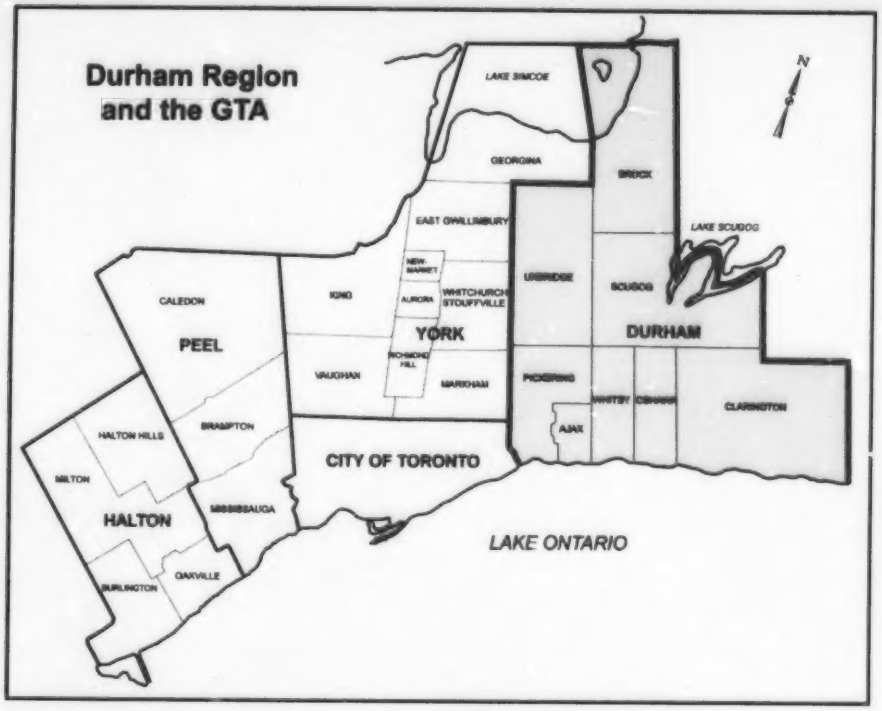
DURHAM REGION

2000 Annual Report



THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

For the Year Ended December 31, 2000



Report Prepared by:

The Finance Department
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Regional Municipality of Durham
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Additional information is available on-line:

- Regional Government (Structure, Roles and Responsibilities)
- Municipal Performance Measurement Program Results
- Departmental Information
- Service Information and Updates
- Business and Economic Development News
- Tourism Information
- News

VISIT OUR WEBSITE
www.region.durham.on.ca

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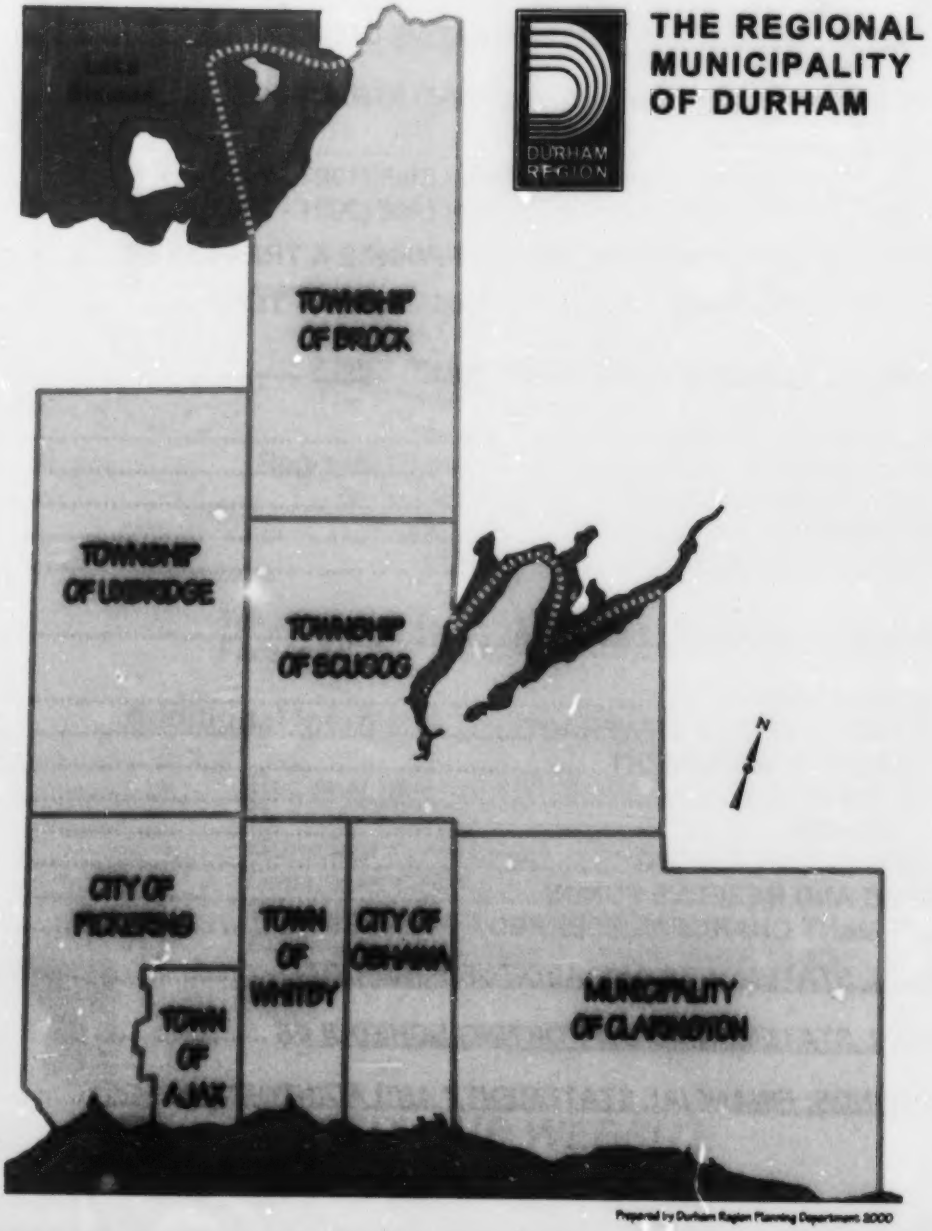
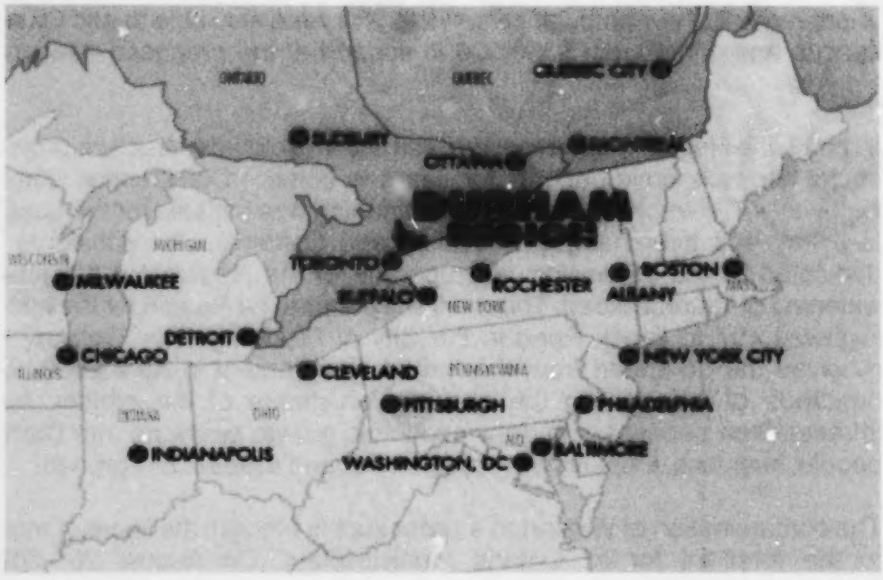
INTRODUCTORY SECTION



REGIONAL PROFILE

On January 1, 1974, the Regional Municipality of Durham was created by the Regional Municipality of Durham Act, 1973. The Region works in various partnerships with its eight area municipalities to deliver efficient and high quality services to residents. The municipalities that comprise the Region of Durham are the City of Oshawa, the City of Pickering, the Town of Ajax, the Town of Whitby, the Municipality of Clarington, and the Townships of Uxbridge, Scugog, and Brock.

Durham is located in the economic centre of Ontario, immediately east of the City of Toronto, Canada's commercial and financial centre and largest city. The area in which Durham is situated is known as the Golden Horseshoe, an economic powerhouse stretching around the western end of Lake Ontario to Durham's eastern boundary, the Municipality of Clarington. The Region shares prime access to the Great Lakes and the north eastern markets of the continent, encompassing close to 120 million people.



Durham covers a geographical area exceeding 2,471 square kilometres (954 square miles). The Region has experienced rapid growth in the residential, commercial and industrial sectors over the previous decade. The population has grown rapidly since the 1996 Census by Statistics Canada estimated the population at 472,800, and is now expected to surpass the 530,000 mark during 2001. If current growth rates continue, Durham's 2006 population could be in the range of 590,000 to 620,000 people, an increase of over 25% in 10 years.

The Region has long been known for the strength of its manufacturing sector, located primarily in the south. The northern portion of the Region encompasses numerous headwaters and the rolling hills and hollows of the Oak Ridges Moraine. Here also, in addition to bountiful farmlands, you will find the prime recreational lake-lands of Simcoe and Scugog. Excellent transportation networks, public utilities and social infrastructure support the mix of urban and rural lifestyles in the Region of Durham.

MESSAGE FROM THE REGIONAL CHAIR

The year 2000 marked the peak of an economic cycle which brought renewed prosperity to the Region. Economic growth, however, provides challenges in addition to rewards. The new Regional Council needs to continue to address requirements for the expansion of and improvements to the Regional infrastructure and services, ensuring the needs of our rapidly growing population can be met.

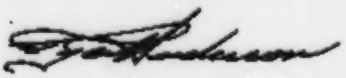
In 2000, Regional Council lowered tax bills for the average residential taxpayer by an average decrease of 1.2%. This was accomplished despite 26 new police personnel, capital spending in preparation for new Whitby and northern police stations, new spending on Regional Roads, construction of a new home for the aged and the download and subsequent improvement of our ambulance service. We were also able to add 65 subsidized childcare spaces and contributed $350,000 in support of the proposed new university in Durham Region.

In 2000, the Region moved forward with some great infrastructure projects that will provide social and economic benefits for years to come. Construction commenced on a new Highway 401 interchange in Ajax and planning was initiated for the construction of two new Highway 401 interchanges in Whitby and Oshawa. An additional $16.9 million was dedicated to the expansion and upgrade of the Regional road network, including the widening of Taunton Road. This work will prepare the Region for the upcoming extension of Highway 407 to Brock Road in the City of Pickering. The Highway 407 project, which received the go-ahead from the federal government in April 2000, will not only supply hundreds of jobs during the construction phase of the project, but will provide the infrastructure necessary to draw economic growth eastward into Durham, including new people, business, employment opportunities and assessment growth.

The contamination of Walkerton's water supply brought the issue of municipal water safety to the forefront for all Ontario municipalities. On August 26, 2000, the Provincial Government implemented a new Drinking Water Protection Regulation which put into law rigorous new standards covering all aspects of the supply and delivery of drinking water in Ontario. The Region is 100% compliant with the new regulations and will continue to ensure the provision of safe drinking water in Durham. Following the construction of a state of the art water supply plant in Ajax in 1999, the Region accelerated its infrastructure maintenance program in 2000 to address aging pipe infrastructure. Necessary upgrades are completed long before any safety issues develop and the Region will continue to be proactive with respect to ensuring safe and efficient water and sewer operations. I encourage you to review the Region's Quarterly Drinking Water Quality Reports on-line by visiting the Region's website at www.region.durham.on.ca.

Other infrastructure developments in 2000 included commencement of construction of the new Hillsdale Manor home for the aged in the City of Oshawa. The new 260,000 square foot 300-bed home will replace the old Hillsdale Manor, and provide a state of the art facility for our seniors. Construction is expected to be completed in 2002.

With confidence I can say that Regional Council and Regional staff remain committed to the provision of efficiently delivered high quality services for the residents of Durham. The investments we make in our infrastructure today promote economic growth and prosperity for our communities well into the future.



Roger M. Anderson
Regional Chair

MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER

During 2000, Regional staff continued to prove both dedication to the taxpayers of Durham and a commitment to careful planning and diligent financial management. During a year in which Regional taxes were decreased and despite significant challenges related to Provincial downloading, Regional staff were able to deliver additional, higher quality services to the public.

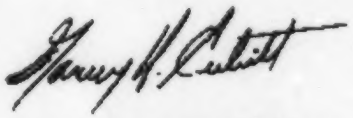
On January 1, 2000, the Region of Durham absorbed full responsibility for Emergency Medical Services from the Province. Not only was the transition a resounding success, staff have already begun the process of implementing a major improvement to the service as directed by our Regional Council. The Region is implementing a Region-wide Advanced Life Support (Level 2) paramedic service, which was previously only available in the City of Oshawa. Close to 50 paramedics will receive Level 2 training commencing in 2001, bringing 65% of the Region's paramedics to the advanced life support level.

The administration of the Provincial Offences Act (POA) was also downloaded to the Region in 2000 from the Ontario Ministry of the Attorney General, including administration, prosecution and court support functions for charges laid by police and other enforcement authorities under Provincial statutes and municipal by-laws. As detailed in an inter-municipal service agreement with the eight area municipalities, the Region will be the service provider for the administration of POA. Net revenues from the operation will be shared over the Regional and the eight Area Municipal tax bases, to the benefit of all Durham residents.

In preparation for the next downloading challenge, staff have worked throughout 2000 to ensure the smooth transfer of Social Housing services from the Province, scheduled to be completed by June 2001. The new operation includes 6,432 housing units and 552 units under the rent supplement program. An administrative model has been approved and implementation of the transfer plans are well underway. To determine future capital needs and risks, the Region has initiated a technical audit of the Social Housing stock inherited from the Province. The results from this audit are expected in 2001.

With the goal of providing better, more efficient services at less cost to the taxpayer, staff of the Region and the eight area municipalities are undertaking a comprehensive and detailed review of select Public Works services to determine how to improve upon and implement changes to service delivery. This "Who Does What" review is expected to lead to the consolidation of certain services at either the local or Regional level, thereby eliminating any duplication of services and/or costs. Stage 1 of the review was completed in 2000 and culminated in a report that inventories current Public Works services provided and also details service collaborations already in place. Stage 2 of the review will be completed in 2001, including financial analyses, development of business cases, stakeholder consultations and implementation strategies.

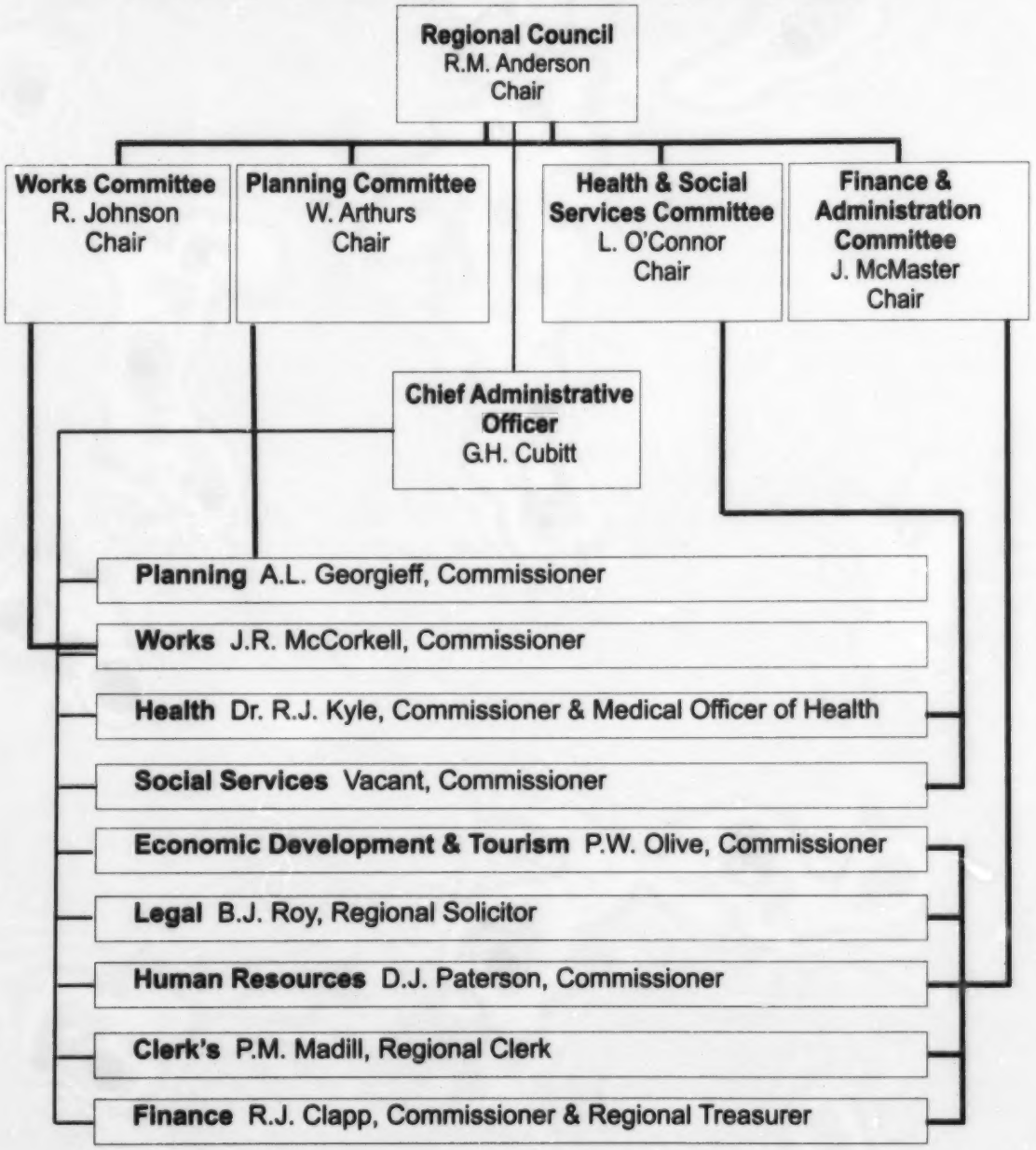
Regional staff regularly review and update the Region's Corporate Strategic Plan to ensure it adequately reflects both existing and new responsibilities to our community. Proactive planning, whether part of the overall Corporate Strategic Plan, or in response to a specific administrative challenge, helps us ensure the most effective use of Regional resources on behalf of Regional taxpayers.



Garry H. Cubitt, MSW
Chief Administrative Officer

DURHAM'S MANAGEMENT AND REPORTING STRUCTURE

STANDING COMMITTEES AND REGIONAL ADMINISTRATION



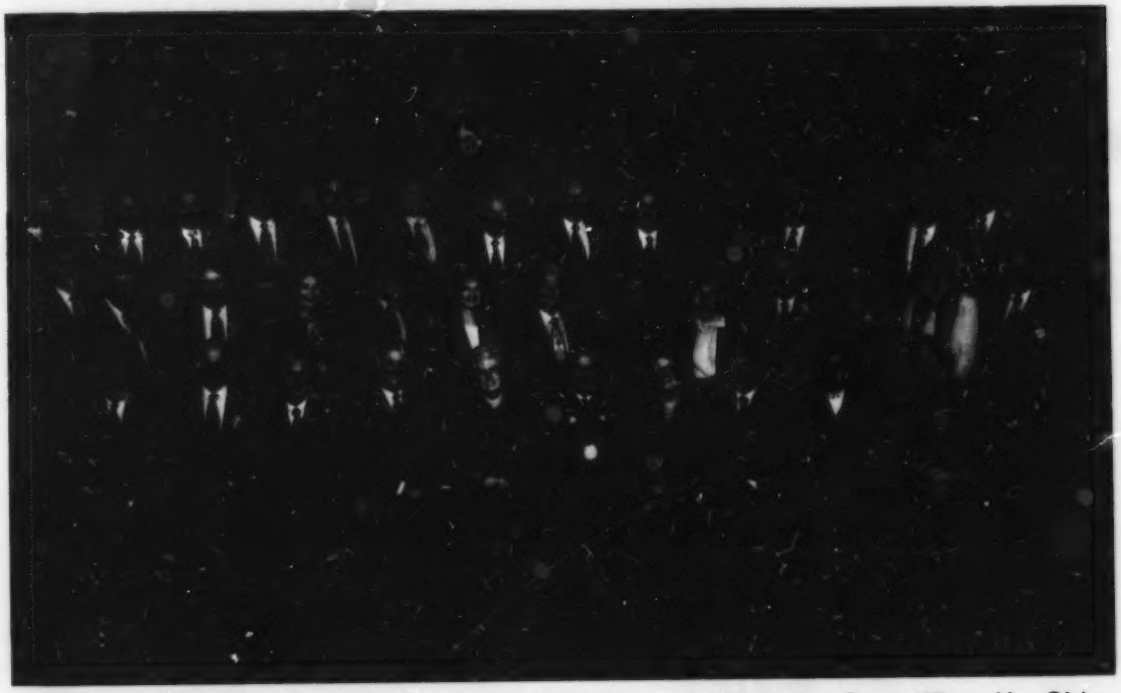
Indicates policy development responsibility
Indicates staff administrative responsibility

REGIONAL COUNCIL

Council's Mission

"To provide safe, efficient, effective services that protect the environment, support development of healthy and prosperous communities, and which reflect the diverse and changing needs of our citizens and customers."

Durham Regional Council and Senior Staff: 1997 - 2000



FRONT ROW: V.A Silgailis (Commissioner of Works), Councillor K. Shier, Councillor D. Moffat, Councillor M. Brunelle, Councillor G.L. O'Connor, Regional Chair R. Anderson, Councillor D. Hamre, Councillor W. Arthurs, Councillor S. Parish, Councillor N. Diamond

MIDDLE ROW: R.J. Clapp (Commissioner of Finance and Treasurer), Councillor G. Emm, Councillor B. Nicholson, Councillor P. Perkins, Councillor L.O'Connor, Councillor M. Novak, Councillor D. Dickerson, Councillor M. Brenner, Councillor S. Para, Councillor N. Pidwerbecki, Councillor C. Aker, P.M. Madill (Regional Clerk), G.H. Cubitt (Chief Administrative Officer)

BACK ROW: B.J. Roy (Regional Solicitor), A.L. Georgieff (Commissioner of Planning), Councillor J. Gray, Councillor S. Crawford, Councillor R. Johnson, Councillor I. Harrell, Councillor K. Gadsden, Councillor J. Mutton, Councillor J. McMaster, Councillor J. Drumm, Dr. R.J. Kyle (Commissioner and Medical Officer of Health), D. Paterson (Commissioner of Human Resources, I. Ciuciura (Director of Emergency Measures)

ABSENT: Councillors B. Boychyn and C. Clarke and P.W. Olive (Commissioner of Economic Development and Tourism)

REGIONAL COUNCIL/Continued

In November 2000 a new Regional Council was elected to serve constituents over the 2001 to 2003 period.

Durham Regional Council and Senior Staff: 2001 - 2003

FRONT ROW: Councillor J. Mutton, Councillor D. Moffatt, Councillor S. Parish, Councillor N. Diamond, Regional Chair R. Anderson, Councillor T. Clayton, Councillor W. Arthurs, Councillor G.L. O'Connor, Councillor M. Brunelle.

MIDDLE ROW: Councillor G. Emm, A.L. Georgieff (Commissioner of Planning), Councillor J. Schell, Councillor J. McMaster, Councillor R. Johnson, Councillor N. Pidwerbecki, Councillor M. Brenner, Councillor S. Para, Councillor J. Drumm, Councillor P. Perkins, J.R. McCorkell (Commissioner of Works), G.H. Cubitt (Chief Administrative Officer), Dr. R. J. Kyle (Commissioner and Medical Officer of Health), P.M. Madill (Regional Clerk).

BACK ROW: R.J. Clapp (Commissioner of Finance and Treasurer), B.J. Roy (Regional Solicitor), Councillor W. Young, Councillor C. Aker, Councillor C. Clarke, Councillor K. Carruthers, Councillor L.O'Connor, Councillor J. Neal, Councillor M. Holland, Councillor J. Gray, Councillor S. Crawford, Councillor C. Trim, Councillor B. Boychyn.

ABSENT: D. Paterson (Commissioner of Human Resources), I. Ciuciura (Director of Emergency Measures Office), P.W. Olive (Commissioner of Economic Development and Tourism).

Regional Headquarters in Whitby

Durham's Homes for the Aged

The Old and the New Hillsdale Manor, Oshawa

Fairview Lodge, Whitby

Lakeview Manor, Beaverton

MESSAGE FROM THE COMMISSIONER OF FINANCE & TREASURER

It is my pleasure to present the 2000 Financial Report of the Regional Municipality of Durham and to comment on economic and financial accomplishments and anticipated future challenges.

Through diligent and long-term financial planning, the Region of Durham is well positioned to address financial challenges, including the financing of significant new Provincially downloaded responsibilities and the provision of additional operating and capital funding for expansion of the Region's infrastructure and services.

Towards the end of 2000, it was also becoming clear that increasing financial pressures would be accompanied by less favourable economic conditions. Of particular concern as we face 2001 is evidence of a retraction in the U.S. manufacturing sector, particularly the auto sector. Although the economy is expected to recover in 2001, the Region will proceed with caution. The year 2000 marked the peak of an economic cycle and the more pronounced the economic downturn, the greater the corresponding pressures on Regional programs, particularly social programs, which have seen very significant decreases in costs over the last several years.

Despite our commitment to an aggressive capital program over the next five years, the Region is also prepared to handle the threat of an economic downturn. The Regional Municipality of Durham maintains a long-standing commitment to long-term financial planning and sound fiscal policies, including a "pay-as-you-go" financing philosophy, low levels of debt issuance, strong reserve and reserve fund strategies and a "growth-pays-for-growth" development charges policy. These policies are the main pillars of the Region's healthy capital financing structure and favourable credit rating profile and provide a solid foundation from which we can move forward.

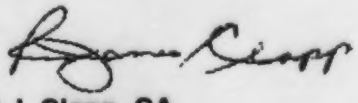
Durham's financial strengths were again recognized by both Standard and Poors (formerly Canadian Bond Rating Service) and Moody's Investors Service, who at the end of 2000 reaffirmed the Region's "AAA" credit rating. This highest rating category places Durham in a select group of municipalities with an exemplary reputation in the investment community and who are seen as leaders in fiscal responsibility and integrity.

Despite this honour, we continue to seek improvements to the Region's financial situation, controls and reporting functions. Commencing with the 2001 budgetary process, Regional operating budgets will be presented in the context of a five rather than a three-year planning horizon. The budget process is initiated each year by presenting to Regional Council an "*Economic and Financial Forecast and Guidelines for the Regional Property Tax Budget.*" Regional Council benefits by receiving a broad economic and financial picture of the Region prior to consideration of detailed budgets. Capital budgets will continue to be part of 10 and 20 year servicing and financing reviews, undertaken annually to ensure financial viability.

This change is consistent with the prudent fiscal management and the financial strength that has, and will continue to allow us to meet the demands of future growth while delivering cost-effective Regional services.

The Region of Durham maintains internal administrative and accounting controls to ensure that financial information is reliable and relevant and that the Region's assets are safeguarded and properly accounted. The financial statements herein have been prepared in accordance with accounting policies prescribed by the Ontario Ministry of Municipal Affairs and Housing, and conform to local government accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Where the determination of assets and liabilities is dependent upon future events, amounts are based upon reasonably determined estimates and judgements.

The Region is required by the *Municipal Act* to engage independent auditors to express an opinion as to whether our financial statements present the Region's financial position and operating results fairly in all material respects. Deloitte and Touche LLP has fulfilled this audit function as evidenced by the audit reports included in this document.



R.J. Clapp, CA
Commissioner of Finance and Treasurer

THE REGION OF DURHAM FINANCIAL MANAGEMENT TEAM

Chief Administrative Officer	G.H. Cubitt, MSW
Finance Department	R.J. Clapp, CA Commissioner of Finance and Treasurer
	J.M. Cermak, CA Director of Financial and Information Management Systems
	R.A. Crystal, CMA Manager of Accounting
	P.N. Richards, BBA, MBA Manager of Budgets, Economic Studies and Risk Management
	M.E. Simpson, BA, MA Manager of Special Projects and Financial Planning
	M.C. Martinez, MBA, CA Director of Supply and Utility Finance
	J.S. Lorne, CET, MBA Manager of Supply and Services
	R.D. Siblock, CMA Manager of Utility Finance
Auditor	Deloitte & Touche LLP Chartered Accountants
Banker	The Royal Bank of Canada
Fiscal Agents	RBC Dominion Securities Inc. CIBC World Markets

THE YEAR AT A GLANCE: ECONOMIC HIGHLIGHTS

THE YEAR AT A GLANCE - ECONOMIC HIGHLIGHTS

Durham's economy registered very strong growth in 2000. The value of building permits soared, the unemployment rate fell further, remaining below the Ontario and Canadian averages, and by March of 2000 the rate of population growth increased to a growth rate equivalent to approximately 13,200 persons per year, a rate of growth not seen since 1991. If this population growth rate is maintained, the 2006 population could be in the range of 590,000 to 620,000, compared to an estimated 526,200 at the end of 2000.

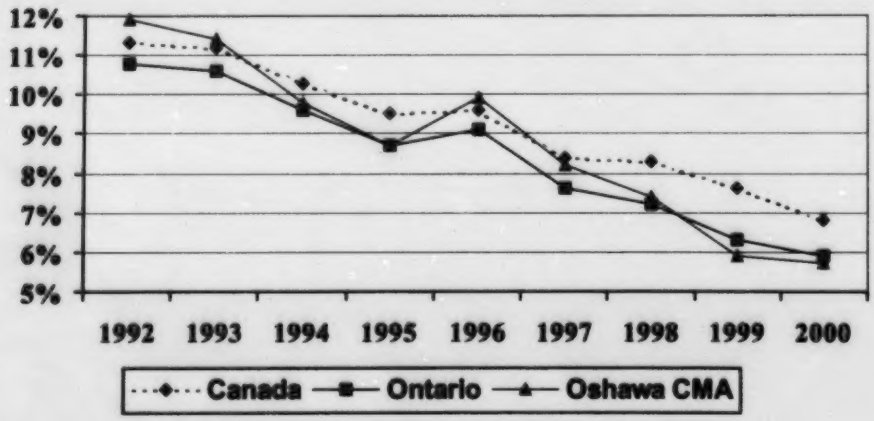
Although economic growth is expected to slow in 2001, it is expected to remain positive throughout the year and to increase again by year's end. Further, the many new and potential developments highlighted during 2000 can only serve to encourage new economic growth and prosperity for the Region.

The following section provides some of the many economic development highlights of 2000.

Unemployment Rates

The unemployment rate has been declining since peaking in 1992 at 11.9%. By the end of 2000 the unemployment rate in the Oshawa Census Metropolitan Area (CMA) had fallen to 5.7%, compared to 5.9% for Ontario and 6.8% for Canada.

UNEMPLOYMENT RATES 1992 TO 2000

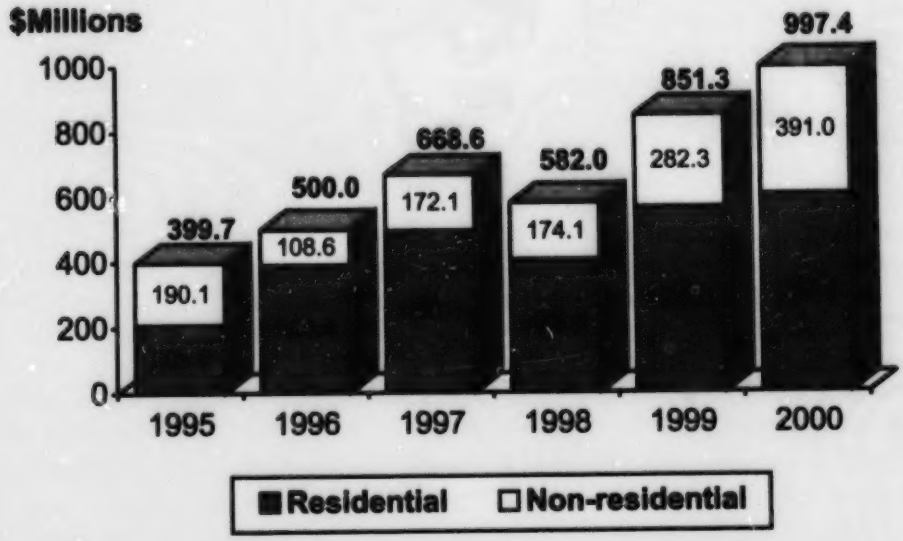


SOURCE: Statistics Canada

Building Permits

The Region of Durham has experienced a significant rise in building permit activity over the previous two years in each of the residential and non-residential sectors. The economic strength of the Region's communities is reflected in the value of permits issued in 2000, which came very close to the $1 billion mark for the first time.

VALUE OF BUILDING PERMIT ACTIVITY 1995 TO 2000



Building permit information is an indicator of Regional housing and employment activity, the level of local investment and economic performance. The value of building permits issued in Durham increased by 17.2%, from $851.3 million in 1999 to $997.4 million in 2000.

Durham's share of the Greater Toronto Area (GTA) permit value increased by 1.6%, from 9.0% in 1999 to 10.6% in 2000. The overall value of the permits issued in the GTA increased from $9.4 billion in 1999 to $9.5 billion in 2000, however, only Durham and York Regions experienced growth in total building permit value.

In Durham Region, continued employment growth and consumer confidence throughout 2000 contributed to a 6.6% increase in the value of residential permits. The number of residential units for which permits were issued increased from 4,082 in 1999 to 4,495 units in 2000.

The significant growth in Durham's non-residential sector contrasts with an overall decline in non-residential growth in the GTA, from $3.8 billion in 1999 to $3.6 billion in 2000. Durham's non-residential permits increased in value from $282.3 million in 1999 to $391.0 million in 2000, an increase of 38.5%.

Building Permits (continued)

Durham's non-residential growth is evidenced by the significant floor space additions in the industrial, institutional and commercial sectors in 2000, including:

- Institutional permits issued to Durham Catholic District School Board (Ajax, Whitby), Region of Durham (Oshawa - Hillsdale Manor), Durham District School Board (Oshawa)
- Industrial permits issued to Johnson Controls Ltd. (Whitby), Hoopp Realty Inc. (Pickering); and,
- Commercial permits issued to Wal-Mart (Oshawa, Pickering), Home Depot Inc. (Oshawa) and Ontario Power Generation (Pickering).

The non-residential increase results from gains in both private and public sector investment. New private sector construction (commercial, industrial and agricultural) increased by 4.3% to $125.9 million in 2000, while private sector expansions, renovations and improvements increased by 155.2% to $83.7 million.

The majority of public sector (institutional and governmental) building permit value was in new construction, which increased by 112.3% to $146 million in 2000. Public sector non-residential renovations, additions and improvements decreased by 41% from $60 million to $35.4 million in 2000.

Economic Developments

The Automotive Industry

The year 2000 was a boom year for the Canadian automotive industry. Durham's largest employer, General Motors of Canada Limited, which has a long established and highly regarded manufacturing operation and Canadian headquarters in Oshawa, reported record revenues for the year 2000. In 2000, the company began construction of a $20 million Canadian Regional Engineering Centre adding approximately 150 new engineering positions and other high-tech jobs. The facility is expected to be completed in 2001.

By the end of 2000, the company had also announced several additional Canadian investments, including $300 million to bring the next generation of mid-size Pontiac to the Oshawa car assembly plant, and $100 million for a new press line and the refurbishment of two existing press lines at the Oshawa Metal Centre .

There are currently over 50 auto-related employers in Durham Region, including GM and DaimlerChrysler Canada Inc., which employs close to 700 workers at its Ajax soft-trim facility. Others include parts suppliers and engineering and servicing companies, the largest being Peregrine Oshawa Inc., which employs close to 1,500 people.

Other major auto-related developments include the following:

- Johnson Controls Ltd., a major U.S. Based Tier 1 supplier to GM, completed construction of a manufacturing facility in Whitby, generating approximately 425 new jobs.

Economic Developments (continued)

- ATL Industries and its sibling company, Martec Technologies Division, moved from Scarborough to Uxbridge. The company manufactures brake caliper pistons for cars and light trucks.

- International Parts Delivery Systems, which manufactures automotive parts containers to carry materials along assembly lines during manufacture, expanded their manufacturing operation, creating 50 new positions.

Although in 2001 the auto industry is not expected to surpass the record performance of 2000, it is still expected to be a good year. The Canadian industry has significantly increased its competitiveness over the previous decade and is in a strong position to weather any economic downturn. Canadian auto assembly plants have relatively high productivity and low unit costs with the Oshawa facilities consistently ranking in the top 10 in North America in terms of productivity.

Ontario Power Generation

Ontario Power Generation (OPG) employs close to 4,500 people in Durham, primarily at its nuclear generating facilities located in Clarington and Pickering. OPG, which currently generates 5,600 megawatts of operating nuclear capacity at its Pickering B, and Darlington stations, is in the process of re-starting the four-unit Pickering A Nuclear Generating Station, representing an additional 2,060 megawatts capacity. If successful in attaining regulatory approvals, the restart of the dormant reactors could add approximately 1,100 jobs commencing in the first quarter of 2002, when the first unit is expected to be put back on line.

Also, pending regulatory approvals, OPG intends to initiate a $1 billion overhaul of Pickering A, including enhancements to the reactor shutdown systems, state of the art fire control systems and new equipment and upgrades to emission control systems. Also in 2000, OPG moved their information technology section to Pickering.

Iter Canada

In January 2001, Canada submitted an Expression of Interest to host a $12 billion international fusion energy research and development centre called "Iter." The word iter is Latin for "the way," a reference to the path taken by the international science community towards development of a new cleaner energy source for the future.

While France and Japan are also bidding to host the project, the Iter Canada bid is seen as particularly strong, primarily due to benefits from the proposed Canadian site for the project in the Municipality of Clarington at the eastern end of the Region. Regional and Clarington officials have been part of the Bid Preparation Committee which continues to compile information in support of Iter Canada's bid.

Iter Canada (continued)

Not only does Canada satisfy all Iter criteria for site selection and project operation, Canada's bid will benefit from the following advantages:

- Public support from the government and utility, education, industry and labour sectors;
- A licensing regime that already includes fusion facilities;
- A developed low cost site adjacent to OPG's Darlington nuclear facility;
- A developed transportation infrastructure with great access to the site;
- First class amenities for international scientists and their families, who would move to the Region if Iter Canada's bid is successful;
- The world's only major source of tritium, the fuel source for Iter, which is stored at the OPG generating station at the Darlington nuclear power plant.

Iter Canada is a non-profit entity committed to locating the Iter project in Canada. It was established in 1997 with members from industry, governments, labour and the education sector. Iter Canada's work to bring the project to Canada is funded by commitments of $1 million per year for three years from each of the federal and Ontario governments and $2 million per year from Ontario Power Generation (OPG) over the same period. Iter has also received well in excess of $5 million per year from member corporations, primarily in kind. The bid is also made possible by $22.5 million in new funding from the private sector and labour members. These funds will be used to finance the licencing and design work required to win the Iter project.

The project will be a source of major employment for over 30 years. It will provide 2,000 construction jobs for 10 years commencing in 2003, plus approximately 800 scientists and support staff positions for another 20 plus years. Overall the project is expected to provide 68,000 person years of new employment. The project will provide a notable "brain gain", with 250 scientists and their families moving to the area from around the world. Iter is expected to inject hundreds of millions of dollars annually into the local economies and will provide tax advantages for all levels of government, including additional assessment for Clarington and the Region. The project includes a major power plant plus ten buildings, including a 1,500 square metre office building. Iter would also provide free access for Canadian industry and universities to the cutting-edge Iter fusion technologies.

Education

Over 8,000 people were employed in Durham's education sector in 2000, primarily working for the public and separate school boards. Durham College and University Centre is also a significant educational employer, providing jobs for close to 800 people.

The previous year was a particularly exciting time for Durham College. In addition to the prospect of the educational benefits from Iter siting in the area, efforts were also well underway to establish a university in Durham Region.

The College already operates a University Centre, allowing students to take full-time daytime university programs from York and Trent Universities. While the University Centre has improved educational options for Durham residents, creating a full-scale university in our Region is a logical next step. The new proposal is for a full-scale university program and during 2000 the Region of Durham contributed $350,000 to assist in promoting this cause. College and community efforts throughout 2000 were a resounding success. In early 2001, the Ontario Government announced Canada's newest university was a go in Durham. The Ontario Institute of Technology (OIT) will offer eight schools when it opens on the grounds of Durham College in 2003: Advanced Manufacturing, Applied Science, Applied Health (the first degree will be in Nursing), Applied Arts, Education, Nuclear Technology, Business, and Information Technology.

Durham College also launched a $48 million expansion and renovation project, in which the Oshawa campus and the Whitby Skills Training Centre will gain a total of 120,000 square feet of space, a 20% increase in space overall. There will also be significant renovations to both campuses, including new classrooms, computer labs, lecture theatres, renovated student service and meeting areas and additional faculty offices. At the Oshawa campuses, centres for manufacturing, justice and health will be built. As a result of the projects the college will be able to serve 2,500 additional students in Oshawa and 500 additional students in Whitby. The Whitby project was completed at the end of 2000, while construction at the Oshawa campus began in the Spring of 2001 and will be completed over two years.

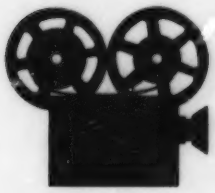
In addition, a manufacturing and Technology Centre in partnership with GMC, Bell Canada, IBM and Nortel will be built at the Oshawa campus. The "smart" building will be equipped with shops, technical laboratories and a computer-integrated manufacturing lab.

It was no surprise that the latest Key Performance Indicator (KPI) satisfaction surveys again rated Durham College one of the top colleges in the Province and top in the GTA, with 92% of Durham College's Class of 1999 employed, 97% of employers satisfied with their skills and 94% of students satisfied with Durham College and its usefulness in preparing them for the workforce.

The Ontario Government launched the KPI project in 1998 to help colleges become more accountable and all Ontario colleges are required to participate in the KPI project with the results made public each year.

Film Industry

In 2000, over 60 productions, foreign and domestic, were filmed at various locations around Durham, including feature films, movies of the week, television series, commercials and music videos. Regional staff of the Economic Development and Tourism Department respond to several inquiries per week for assistance in finding suitable locations for this growing industry. An effort is always made to ensure that film crews working in Durham utilize local goods and services in making their productions, thereby increasing economic benefits for our local municipalities.



The production of the "*2001 Film and Television Production Resource Guide*" was initiated in September 2000, with financial support from all area municipalities, to highlight unique locations available to the film industry and promote local businesses and services.

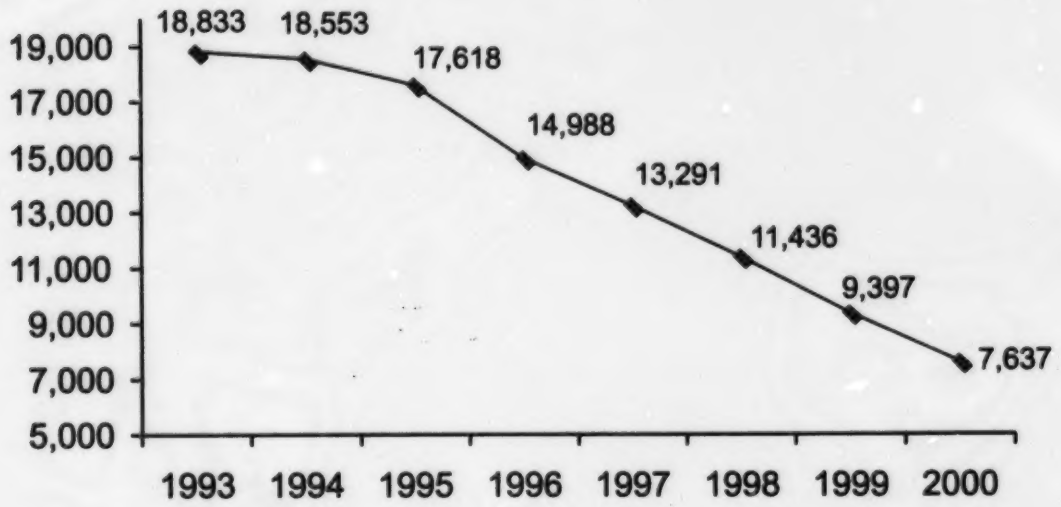
Other Economic Development Announcements

- CDA Industries Inc. moved its Scarborough and Mississauga operations to Pickering. The new production facility and corporate office in Pickering occupies 239,000 square feet and employs over 300 people;
- Vandermere Nurseries in Ajax expanded their facilities by 120,000 square feet;
- Brewers Retail announced the construction of an 85,000 square foot warehouse and distribution centre in Whitby;
- The Oshawa Harbour earned federal "Super Port" status, placing the harbour among Canada's major ports, including Halifax, Vancouver and Thunder Bay;
- A new Wal-Mart will be constructed at the Pickering Metro East Trade Centre;
- A new auto-parts plant, Automodular Assemblies Incorporated, is planned in Whitby. The plant will use 160,000 square feet of plant space and 18,000 square feet of office space and will employ approximately 250 people in its first phase. The operation will sub-assemble and sequence components for General Motors; and
- Minacs Worldwide will build a 100,000 square foot multimedia contact centre at the Colonel Sam Business Park in Oshawa. The $15 million building will be a showcase for the customer relationship management company's multimedia digital technologies and one of two major hubs in Ontario for its international business. While providing customized facilities for the development of new telephone and web-based communication applications, the contact centre will have the capacity to house more than 700 workstations.

Income Support Caseloads

During the recent period of strong economic growth, there has been a dramatic decrease in income support caseloads, from an average of 18,833 cases per month in 1993 to 7,637 cases per month on average in 2000, a decrease of 59%.

Average Income Support Caseloads Per Month



In the event that income support caseloads rise, under the current GTA "pooling" arrangement, Durham must not only meet social service demands in its own jurisdiction, but must also share in a portion of the City of Toronto's social assistance and social housing costs. This could result in an increase in Durham's share of these costs. The Provincial initiative to "pool" or "equalize" across the GTA means that the Region of Durham must pay a share of GTA-wide costs for the provision of Social Assistance, Social Housing and GO Transit. These contributions present uncertainty because service costs in other jurisdictions are beyond the Region of Durham's control.

Investment in Infrastructure

Staff of the Finance, Works and Planning Departments work together each year to complete annual "Servicing and Financing Studies" that determine infrastructure requirements and potential methods of financing for the enhancement and/or expansion of Durham's roadways, water supply and sanitary sewerage system and solid waste operations.

To address the Region's aging infrastructure as well as to meet the demands from growth, Durham has entered a phase of infrastructure improvements and expansion, with significant capital investments planned over the next five year period, specifically for Regional roads, homes for the aged, solid waste management, police services and emergency medical services.

Investment in Infrastructure (continued)

Homes for the Aged

Hillsdale Manor Home for the Aged is located in Oshawa. In 2000, construction of a new 300-bed $53 million 260,000 square foot facility commenced at the existing site. The new state of the art facility, which is to replace the Hillsdale north building, is expected to be completed by March 2002. The ground floor will include a solarium, tuck shop, auditorium, chapel, offices, library, laundry and kitchen, while the upper three levels will each have four resident home areas containing 25 beds each, or a total of 100 beds per level.

In 2002, the Region also plans to construct a new 200-bed facility to replace the existing 135-bed south building. In January, 2001, the Region submitted an application to the Ministry of Health and Long-term Care for approval for the additional 65 beds. The second facility will cost an estimated $36 million and will be constructed over the 2002 to 2004 time-frame.

It is also anticipated that the Region's Lakeview Manor home, located in Beaverton will be rebuilt between 2003 and 2006 at an estimated cost of approximately $30 million.

The Region's commitment to the development of state of the art facilities and new seniors' long-term care accommodations is meant to address the growing needs of the elderly, a growing segment of our society. As of December 2000, Durham Access to Care identified an average of 586 individuals awaiting placement. By making additional long-term care services available, it will improve seniors' access to services that meet their own personal health care needs.

Construction of the New Hillsdale Manor

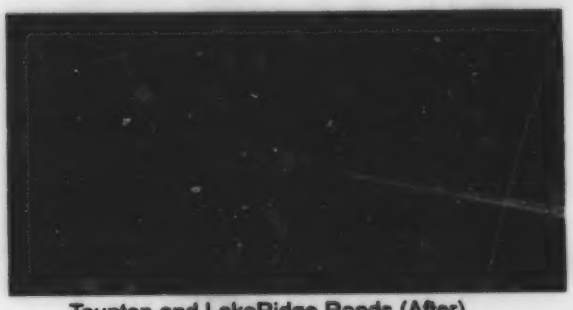
The Roads Program

The Region of Durham arterial road network consists of approximately 2,072 lane kilometres of paved roadways plus 208 structures. The total replacement value of these assets is estimated at approximately $1 billion. It is essential that this infrastructure be kept in a state of good repair in order to meet community needs and expectations.

In 2000, $18.6 million of Regional Roads capital expenditures were incurred, an increase of 4% compared to 1999. Spending on road enhancements and expansions over the 2001 to 2004 forecast period are expected to reach approximately $120 million. This forecast recognizes current costs, the need to accelerate projects to keep pace with Provincial highway expansions (Highways 401 and 407), the need to keep pace with residential, commercial and industrial growth and the recent trend towards higher construction prices in the Greater Toronto Area.

During 2000, approximately 35 lane kilometres of Regional roads were rehabilitated and/or resurfaced and two bridges were rehabilitated. For example, Westney Road was reconstructed and widened from Highway # 2 to north of Delaney Drive. A contract was also awarded for the reconstruction of Bayly Street at the intersection of Shoal Point Road.
Work on Taunton Road included the reconstruction and widening of the Taunton Road and

Taunton and LakeRidge Roads (Before)



Taunton and LakeRidge Roads (After)

Lakeridge Road intersection. In addition contracts were awarded for the reconstruction and widening of Taunton Road from just east of Ritson Road to east of Harmony Road. Construction of the western portion of this work is completed and the eastern section is expected to be complete during 2001.

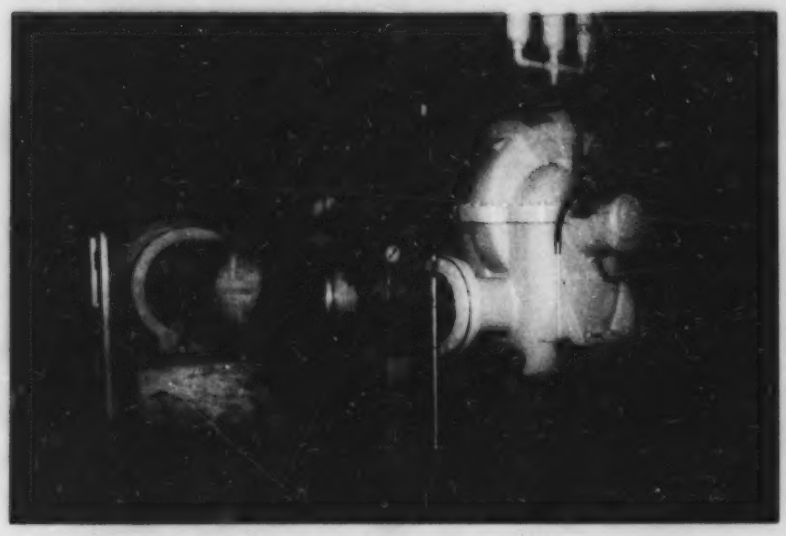
In 2000, the Region committed $2.7 million towards the construction of Carruthers Creek Drive. Capital construction/expansion of 401 Interchanges is a significant cost component of the roads program over the next several years, and includes interchanges at Harwood Road/Carruthers Creek, Park/Stevenson Roads and LakeRidge Road. The proposed improvements are essential to accommodate planned population and employment growth, sustain efficient goods movement, address current traffic and safety concerns and attract new economic development opportunities.

Water Supply and Sanitary Sewerage

The Region's water supply and sanitary sewerage operations and capital expenditures are funded by Regional water/sewer user revenues and development charges. No contributions are made from Regional General Tax Rates towards the water and sewer systems. Capital costs related to new residential development are funded from available Regional residential development charges. With the introduction and phase-in of a Regional commercial development charge (effective July 1, 2000), the development related capital costs associated with commercial development will be partially funded from commercial development charges (commencing in 2001). All other operating and capital costs are recovered from water and sewer user rate revenues.

In 2000, approximately $30 million was invested in the Region's water and sewer infrastructure. Key projects in the Water Capital Program included storage reservoir and feedermain work in Bowmanville, and feedermain work in Ajax and Whitby, as well as an accelerated water system maintenance program across the Region to address deficiencies due to the Region's aging water pipe infrastructure.

A key project in the 2000 Sewer Capital Program was the initiation of design and land acquisition for the proposed Courtice Water Pollution Control Plant (WPCP). Construction of this $85 million facility is scheduled to commence in 2003. It is the largest capital requirement in the $290 million water and sewer capital program over the 2001 to 2005 time period. The new system is required to replace the circa 1950 Harmony Creek WPCP, as well as to provide additional capacity for growth of the Oshawa and Courtice urban areas. Preliminary work was also started in 2000 for the future upgrade of the Corbett Creek WPCP and the expansion of the Uxbridge Brook WPCP.



On August 26, 2000, the Provincial Government implemented a new Drinking Water Protection Regulation. The new regulation (Ontario Regulation 459/00) puts into law, rigorous new standards covering all aspects of supply, monitoring and delivery of drinking water in Ontario. This regulation includes very stringent and mandatory monitoring and reporting requirements.

Water Supply and Sanitary Sewerage (continued)

Since 1974, the Region has been proactive in ensuring the quality and safety of our water supplies, including the chlorination of well systems and timely upgrades to water treatment facilities. The Region will continue to ensure standards are maintained throughout Durham's water supply distribution system, in compliance with the new regulations.

Under the new regulation, all drinking water analyses are to be carried out at accredited laboratories. The Region of Durham operates its own modern laboratory, which serves both Durham and York Regions. The lab has already been accredited by the Canadian Association of Environmental Laboratories and the Standards Council of Canada.

The new regulation mandates that all waterworks staff who conduct tests for operational parameters must hold a Ministry of the Environment licence. The Region has had an Operator Training Program for many years, during which time our operators have participated in extensive training, followed by written Provincial exams. As a result, all of our operators currently hold licences under the Provincial Operator Certification Program. Under the new regulation our operators will participate in additional training over and above the 40 hours per year they had currently received.

In compliance with the new regulations the Region will produce and make readily available Quarterly Drinking Water Quality Reports, commencing with July, 2000. These reports can be viewed on-line by visiting the Regional web-site at www.region.durham.on.ca.

Solid Waste Management

The Region is planning major changes to its solid waste management operation over the next several years in order to achieve goals established under the "*Long-term Waste Management Strategy Plan: 2000 to 2020.*" The preferred long-term waste management strategy plan, identified in the report, includes the following main recommendations:

- Divert at least 50% of the residential waste from disposal by the year 2007 or earlier;
- Secure an alternate source for the disposal of residential waste when the City of Toronto's Keele Valley landfill site is closed;
- Implement an integrated residential waste management system for the collection, processing and disposal of blue-box recyclables, food and yard waste compostables, residual garbage waste and special wastes; and
- Consider an "energy from waste" facility for the disposal of residual garbage waste.

Solid waste operations are currently carried out by both the Region and the eight local Area Municipalities comprising the Region of Durham. Local municipalities are responsible for the curbside collection of garbage and leaf and yard waste. The Region is responsible for the:

- transfer and disposal of garbage;
- composting of municipal leaf and yard waste;
- region-wide collection, processing and sale of recyclables through the blue-box program;
- operation of the Regional Recycling Centre in Whitby;
- operation of the Brock landfill site and the perpetual care of former landfill sites;
- operation of four waste management facilities in Oshawa, Brock, Port Perry and Blackstock; and,
- the education and promotion of the 3Rs.

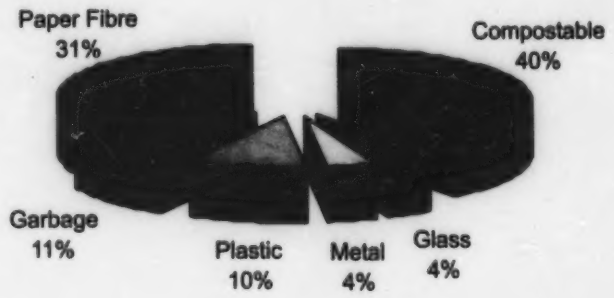
There has been considerable recent activity by the Region and the Area Municipalities to improve waste diversion practices. For example, initiatives have included a weekly organics collection program in Ajax, a food waste collection program in Courtice, several waste composition studies, a consultant's review of waste diversion practices and consultations and the compilation of suggestions from the Region's Waste Advisory Committee.

The Region undertook three residential curbside waste composition studies in 2000 to assist the Region in developing better waste diversion programs in order to reduce the amount of waste currently being landfilled. The results show that while 89% of the current residential waste generated could be diverted, 74% of the waste is still being landfilled.

Solid Waste Management (continued)

A goal for 2001 is to expand curbside organics programs across the Region, through partnerships between the Region and interested Area Municipalities. Composting programs, if fully utilized across the Region, could divert a significant portion of the waste stream from landfill.

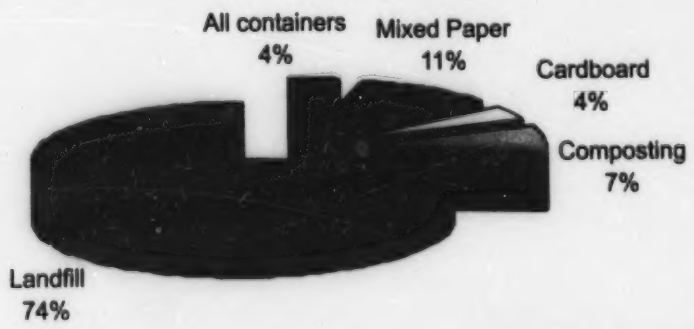
Types of Waste Generated by Durham Residents



Another area of focus is the expansion of the blue box program, including the addition of more materials to the program and encouraging better participation rates among Durham residents.

Waste composition studies conducted in 2000 also demonstrated that despite the availability of the blue-box program, many residents are still discarding blue-box items into the waste stream destined for landfill. The Region has already begun work with the Area Municipalities to explore options, which include increasing promotion of the blue box program, banning certain items from the regular garbage, mandatory recycling and composting by-laws, reducing the maximum number of garbage bags to be collected at the curb with a fee for extra bags, and increasing the availability and accessibility of diversion programs. In 2001,

How Residential Wastes are Discarded

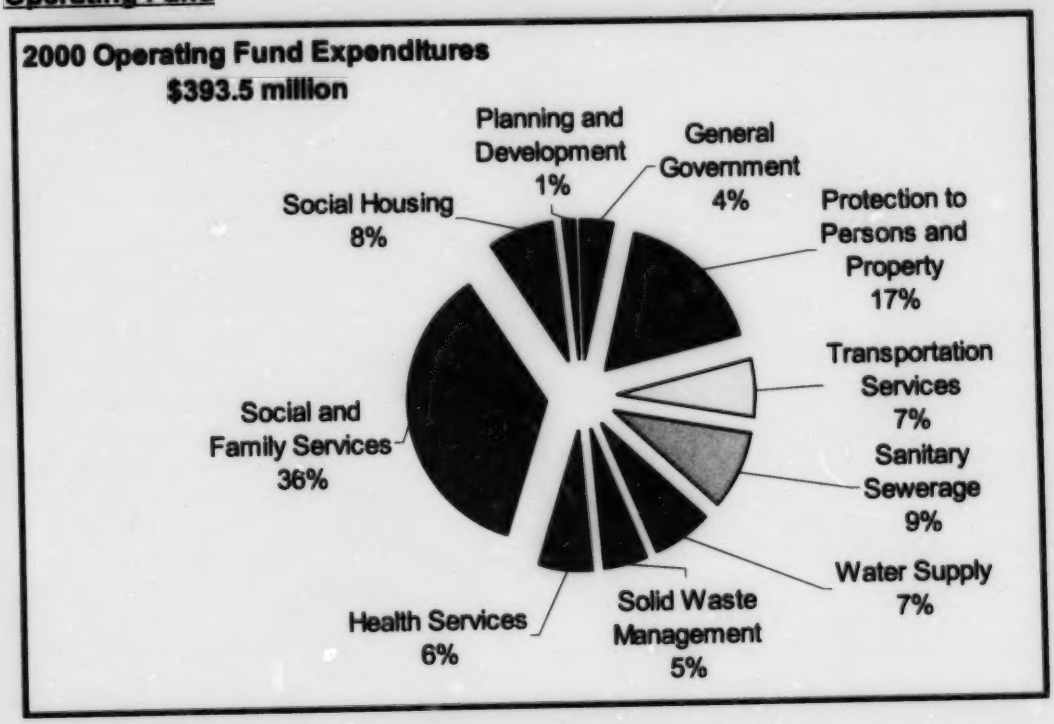


the Works Department will finalize a comprehensive review of alternatives and recommendations for reducing the amount of waste going to landfill.

THE YEAR AT A GLANCE: FINANCIAL HIGHLIGHTS

THE YEAR AT A GLANCE - FINANCIAL HIGHLIGHTS

Operating Fund



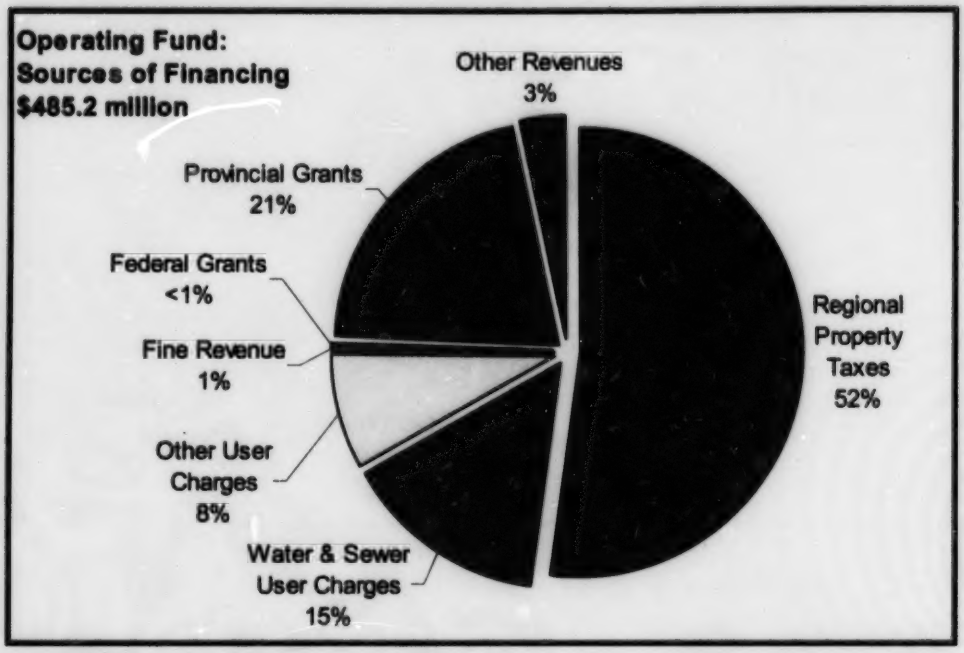
Operating Fund Expenditures

Total operating fund expenditures increased in 2000 by 6.3% to $393.5 million, compared to $370.0 million in 1999. Major expenditure increases in 2000 included the following:

- Increased costs for the provision of Health Services, primarily due to the January 1, 2000 download of Emergency Medical Services from the Province to the Region;
- Acceleration of the roads program and the resulting increase in expenditures for the maintenance of an expanding inventory of roads, bridges, traffic signals and culverts;
- Acceleration of the water main rehabilitation program, including the installation of concrete linings on cast iron water mains in order to extend their useful life;
- The addition of 20 police officers and 6 civilian personnel, as per the Police Service Board's five-year staffing plan;
- Provision for 65 additional child care spaces; and,
- Net additional costs for Children's Services, related to the assumption of administrative responsibility for Resource Centres, Special Needs Resourcing and Wage Subsidy (downloaded from the Province effective January 1, 2000).

Operating Fund Sources of Financing

As shown in the following chart, operating fund financing sources include Regional property taxes, user charges, and grants from the federal and provincial governments. New in 2000, revenues also include $2.6 million generated from fines imposed pursuant to the *Provincial Offences Act* (POA), a service area recently downloaded from the Provincial government.



Despite an average 1.2% Regional tax decrease in 2000, revenue from property tax requisitions increased from $245.9 million in 1999 to $251.9 million in 2000, an increase of 2.4%. The increased revenues were primarily due to assessment growth.

Water and sewer billings decreased from $74.2 million in 1999 to $72.2 million in 2000. The decrease was due to a relatively wet spring and summer and a corresponding decrease in the amount of lawn and garden watering.

Other user charge revenues, including those collected for solid waste management, child care and homes-for-the-aged, increased from $37.3 million in 1999 to $39.3 million in 2000.

Water Supply and Sanitary Sewerage

A major responsibility of the Regional Corporation is the safe operation and maintenance of the Water Supply and Sanitary Sewerage systems to serve current residents and to ensure an adequate service level to facilitate future growth.

Revenues required to finance these Regional operations are raised primarily from Region-wide uniform user rates. The water and sewer rates, rate structure, development charge receipts and long-term capital requirements are reviewed annually to ensure the continued viability of these operations. The Region adheres to the "user pay" principle in setting water and sanitary sewer user rates. The user pay approach strives to directly charge water and sewer customers in proportion to the cost of providing water and sewer services.

In 2000, a 1% water rate increase was approved to provide $330,000 for the rehabilitation of existing water pipes. Also for the pipe rehabilitation program, a one-time withdrawal of $330,000 was made from the Water Treatment Plant/Rate Stabilization Reserve Fund. The sewer user rates in Durham have remained unchanged since 1992. Water rates were unchanged from 1992 to 1997 and then increased slightly over the next three years. In 2000, the typical residential customer (60,000 gallons per year) paid an average annual cost of $362.00 for water and sewer utilization, compared to an average of $345 during 1992. This represents an increase of 4.9% over eight years, or an average annual increase of 0.6%.

In addition to the pipe rehabilitation program, 2000 expenditures included the operation of additional water and sewer facilities (including three new pumping stations) and higher maintenance costs.

Surpluses related to water and sewer operations are transferred to the applicable Treatment Plant/Rate Stabilization Reserve Fund. These funds held balances at the end of 2000 totalling $42.6 million for sewer services and $27.4 million for water services. The funds are committed to finance future capital upgrades and expansion of Durham's Water Supply and Sanitary Sewerage systems.

Solid Waste Management

The cost of implementing the "*Region of Durham Long-term Waste Management Strategy Plan: 2000 to 2020*," is expected to exceed $30 million in additional capital costs and contribute to a 20% increase in operating costs.

Sources of revenue for the operation of the solid waste management system consist of a portion of Property Tax revenues, user fees and the sale of recyclable materials. Major expenditures are related to solid waste haulage and disposal fees, blue box collection and the processing of recyclables and compost.

Solid Waste Management (continued)

The Region of Durham owns and operates a small landfill site and waste management facility in the Township of Brock, three other waste transfer facilities located in Oshawa, Port Perry and Blackstock and a processing facility for recyclable material located in the Town of Whitby.

A goal of the Region's solid waste management operation is to maintain a system of true cost recovery. However, there are uncertainties that can lead to a surplus (or deficit) position for solid waste operations at the end of each year. These include the difference between projected and actual waste volumes and uncertainties surrounding revenues from the sale of recyclable materials, which fluctuate based upon market prices that are beyond the direct control of the Region. In 2000, Solid Waste Management operations generated an operating surplus of $1.8 million which was added to the Solid Waste Management Reserve Fund. At the end of 2000, including interest, the Solid Waste Management Reserve Fund had a balance of $11.2 million, which can be used for a portion of the capital costs required to implement the Long-term Solid Waste Management Strategy Plan, an important goal of which is to decrease the amount of garbage going to landfill from 70% to below 50% by 2007 or sooner.

Capital Fund

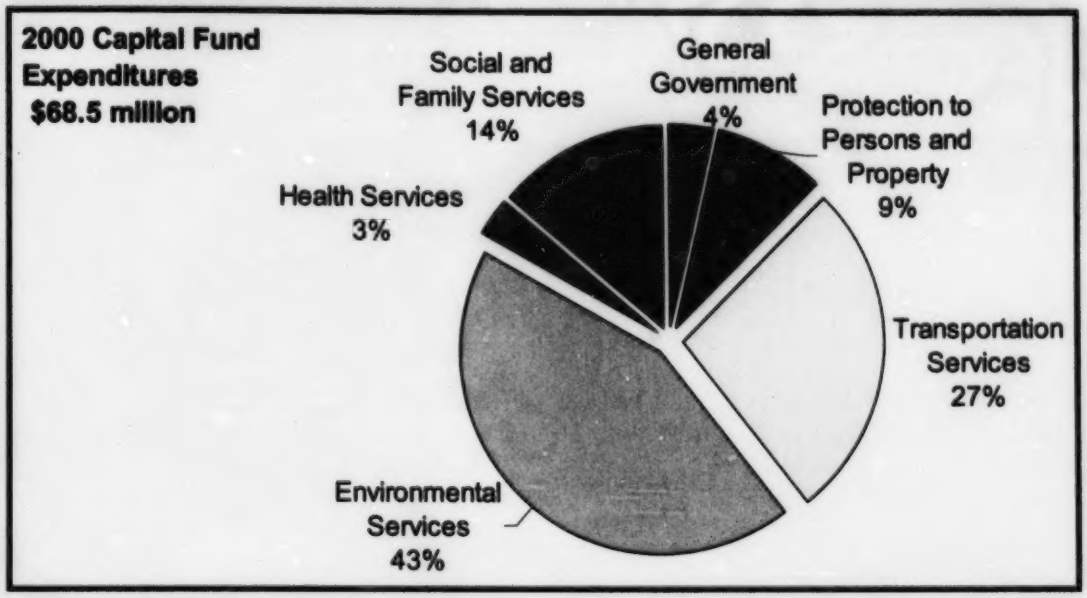
Capital Fund Expenditures

Capital projects are necessary to maintain the current infrastructure and provide for future requirements. In 2000, capital fund expenditures totalled $68.5 million, compared to $74.2 million in 1999. The decrease was due in part to a decrease in capital expenditures in the Environmental Services category, primarily from smaller scale water and sewer capital projects being undertaken during 2000. Despite the absence of large scale projects in 2000, water supply and sanitary sewerage infrastructure upgrades continued to account for the largest portion of the Region's capital fund expenditures at 43% of the total in 2000. Transportation Services, primarily spending on roads infrastructure, represented the second highest spending category and accounted for 27% of capital fund expenditures in 2000.

Slightly off-setting the overall decrease in capital fund expenditures were the following:

- A $735,000 increase in the transportation capital program to a total of $18.6 million;
- A $1.7 million increase in capital necessary to meet Provincial standards for Ambulance Services (downloaded to the Region January 1, 2000), including new ambulances and related supplies and equipment; and,
- An increase in capital costs for the Social and Family Services programs to $9.5 million (from $2.6 million in 1999), primarily due to the commencement of construction of the new Hillsdale Manor Home for the Aged.

Capital Fund Expenditures (continued)


2000 Capital Fund Expenditures $68.5 million
Social and Family Services 14%
General Government 4%
Protection to Persons and Property 9%
Health Services 3%
Transportation Services 27%
Environmental Services 43%

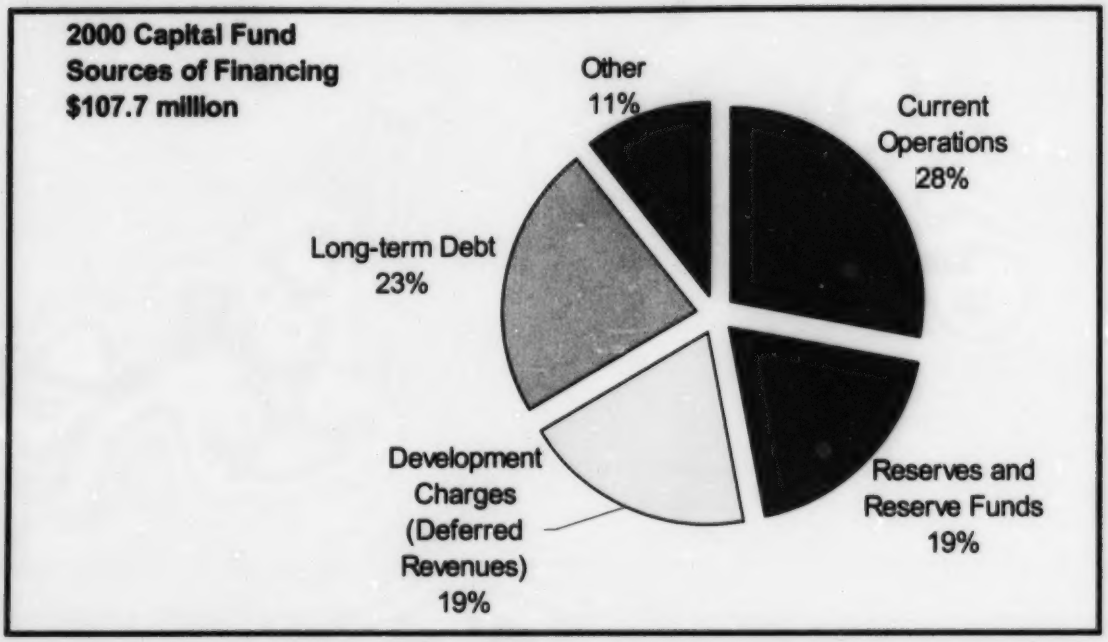
Capital Fund Sources of Financing

The Region of Durham's 2000 capital spending program was financed through transfers from reserves and reserve funds, revenues from current operations, development charges and other revenues, including recoveries from Area Municipalities. During 2000, the Region also issued $25 million of long-term debt to assist in financing the new $53 million Hillsdale Manor home for the aged, expected to be completed in 2002.

The Region has low debt levels in comparison to its peers and will continue to adhere to the pay-as-you-go financing philosophy, which ensures minimal debt with debt issuance only for major projects. Durham maintains a strong capital structure and solid reserves and reserve funds to ensure debt is kept to a minimum. This is especially important given current projections that gross capital spending over the next five years will exceed $550 million, including infrastructure improvements necessary to meet the needs of Durham residents.

Development charges are collected from developers and are held "in trust" by the Region to finance future residential growth related projects for water, sewer, roads and other specific purposes. In 2000, the contribution to the capital fund from development charges totalled $20.7 million, compared to $20.0 million in 1999.

Capital Fund Expenditures (continued)



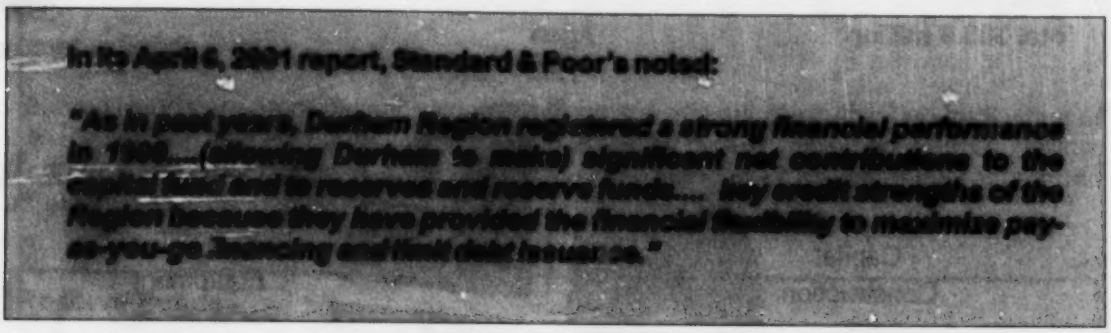
Reserve and Reserve Fund capital financing includes the Special Regional Roads Levy introduced to assist in financing roads capital. For 2000, the Special Regional Roads Levy was increased by 1.0% to a total of 2.0% of the 2000 Regional Budget, providing $4.4 million of special financing for 2000 roads capital requirements, including Taunton Road, Highway 407 connections and the Highway 401 interchange program.

Debt Position

The Region of Durham Debt Management Policies are governed by Provincial Legislation and Regulations and Regional Council approval. Including the $25 million of debt issued in 2000 to assist in financing the new Hillsdale Manor, the Region is responsible for long-term debenture debt totalling $158.7 million, at December 31, 2000. Of this total amount of debt, $66.2 million or 42% has been issued on behalf of the local area municipalities and the Durham school boards, who accept responsibility for payment of both principal and interest. The Region is the authorized entity for debt issuance for all municipalities within its jurisdictional boundaries. The net debt to be financed by the Regional Municipality of Durham is $92.5 million.

Durham's Credit Rating

Both Standard & Poor's (formerly Canadian Bond Rating Service) and Moody's Investor Service have recently re-affiirmed the Triple A credit rating for the Regional Municipality of Durham's long-term debentures, with a continued stable outlook. The annual rating review includes consideration of the performance of the Regional economy and the financial results achieved by the Region as well as its eight Area Municipalities. Therefore the positive credit profile speaks to the financial strength of all nine corporate entities.


In its April 6, 2001 report, Standard & Poor's noted:
"As in past years, Durham Region registered a strong financial performance in 1999....(allowing Durham to make) significant net contributions to the capital fund and to reserves and reserve funds.... key credit strengths of the Region because they have provided the financial flexibility to maximize pay-as-you-go financing and limit debt issuances."

One of the Region of Durham's most important financing policies is the "pay-as-you-go" capital financing policy, which is a major factor in the Region's current AAA credit rating. The Region will maintain this philosophy and only use debenture financing when necessary for large capital investments that are not possible to finance "up-front." Although significant capital outlays for infrastructure are required over the next five years, a continued focus on internal funding will minimize future debt issuance needs.

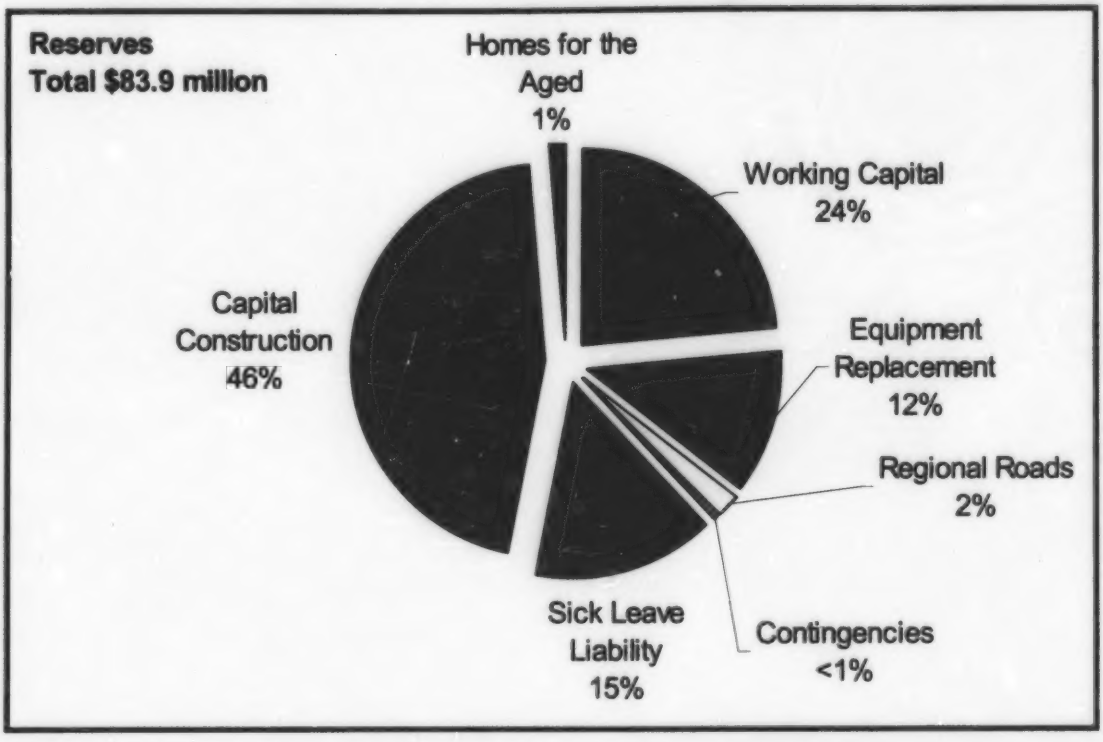
Reserves and Reserve Funds

The Region of Durham strives to maintain solid Reserves and Reserve Fund positions to ensure sufficient financial flexibility, minimize the impacts of growth requirements and future liabilities, and to complement the Region's pay-as-you-go financing philosophy for major capital expenditures. Maintaining a policy that is meant to maximize up-front financing requires a healthy level of Reserves and Reserve Funds.

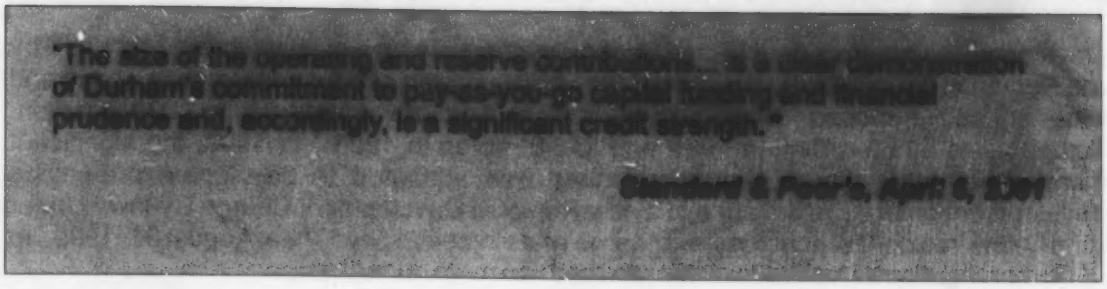
Reserves and Reserve Funds at December 31, 2000 totalled $240.2 million, an increase of 19.1% compared to December 31, 1999 when they totalled $201.6 million. The largest portion of these funds are committed to assist in the financing of future capital expenditures for water supply, sanitary sewerage, regional roads, solid waste management and risk management.

Reserves

At the end of 2000, the Region had seven Reserves totalling $83.9 million, compared to eight Reserves totalling $86.7 million at December 31, 1999, a decrease in value of 3.2%. In 2000, the Solid Waste Management Reserve was eliminated with the balance transferred to the Solid Waste Management Reserve Fund.

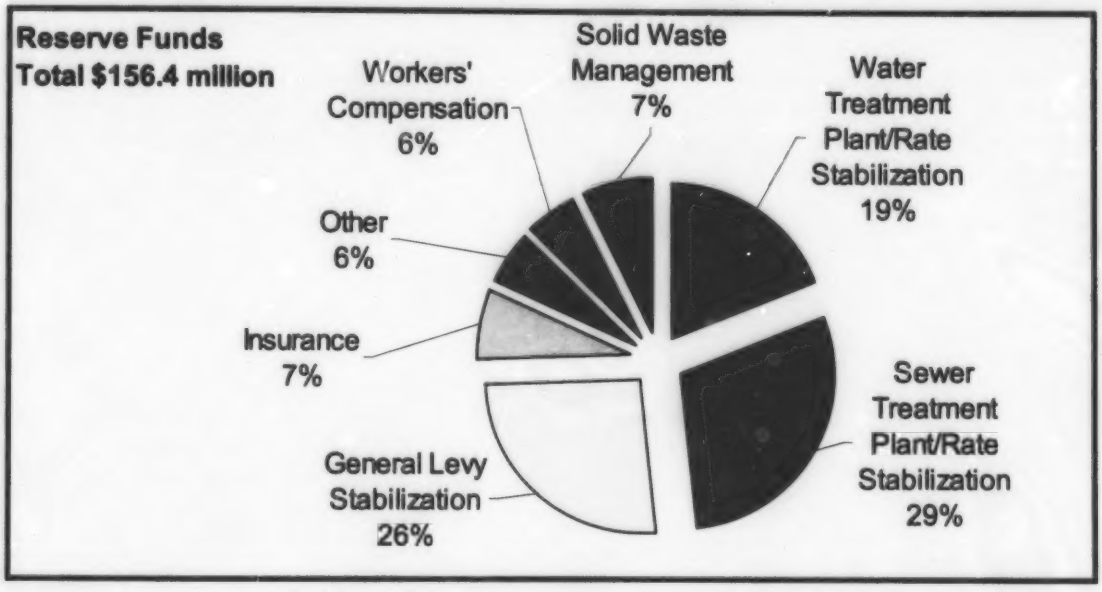


The Region of Durham's Reserves are established for specific purposes, such as the provision of working capital to mitigate fluctuations in annual cash flows. Two reserves provide the Region with necessary financing for future liabilities (e.g., The Sick Leave and Contingencies Reserves). Other Reserves have been established to enable "up-front" financing of major capital expenditures or are used to finance projects budgeted in one year, but with construction taking place over more than one year (e.g., The Capital Construction, Regional Roads, Homes for the Aged and Equipment Replacement Reserve).


"The size of the operating and reserve contributions ... is a clear demonstration of Durham's commitment to pay-as-you-go capital funding and financial prudence and, accordingly, is a significant credit strength."
Standard & Poor's, April 6, 2001

Reserve Funds

Reserve Funds are amounts set aside to finance specific future costs. The total value of the Region's Reserve Funds increased in 2000 by $41.4 million to $156.4 million, compared to $115.0 million in 1999. The 2000 total includes $7 million of interest earned during the year.



In order to maintain financial flexibility, the Region of Durham has adopted a number of policies with respect to operational surpluses. For example, water and sewer operating surpluses are transferred to their respective Treatment Plant/Rate Stabilization Reserve Funds. The General Levy Stabilization Reserve Fund was established in 1995 and is used to offset extraordinary expenditure requirements or revenue shortfalls and minimize their impact on the Regional General Tax Levy. This fund totalled $40.8 million at the end of 2000.

Development Charges/Deferred Revenues

Development charges are collected from developers and are essentially held "in trust" by the Region to finance future residential growth related projects for water, sewer, roads and other specific purposes. In 2000, contributions from developers totalled $22.5 million, compared to $35.5 million in 1999 and $18.0 million in 1998. In 1999, the significant increase in development charge revenues was attributed to developers pre-paying development charges in advance of a new Regional Development Charge By-law. Under this By-law residential development charge rates increased by 17% at August 31, 1999. In 2000, contributions from developers returned to a more normal range.

During the year 2000, the Region of Durham adopted the local government accounting standards recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Under PSAB requirements, development charges are now represented in the Region's Financial Statements as deferred revenue. Development charges funding for capital projects and for growth related debt service costs are disclosed as development charges revenue and are no longer treated as a transfer from Reserve Funds.

The balance of the Region's Deferred Revenues (Development Charges) at the end of 2000 was $80.8 million. This amount includes development charge receipts, $4.2 million of interest earned during the year and net contributions to the Operating Fund to finance growth related debentures ($6.0 million) and the Capital Fund ($20.7 million) for the direct payment of capital infrastructure.

FINANCIAL STATEMENTS AND AUDITORS' REPORT

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Auditors' Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Regional Municipality of Durham

We have audited the consolidated statement of financial position of the Corporation of the Regional Municipality of Durham as at December 31, 2000 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Regional Municipality of Durham as at December 31, 2000 and the results of its operations and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte + Touche LLP

Chartered Accountants

Toronto, Ontario
May 18, 2001

Deloitte Touche Tohmatsu

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Statement of Financial Position

December 31, 2000

(All figures rounded to the nearest thousand)

	2000	1999 (Note 3)
ASSETS		
Financial Assets		
Cash and short-term investments (Note 4)	$450,713	$ 340,088
Accounts receivable	27,647	48,965
Prepaid expenses	2,235	8,071
Debenture debt recoverable from Area Municipalities and School Boards (Note 5)	66,206	75,685
	$546,801	$ 472,809
LIABILITIES		
Accounts payable and accruals	$ 89,364	$ 86,211
Other	11,915	10,640
Sick leave (Note 8)	25,070	25,428
Workplace Safety Insurance (Note 10)	8,502	8,599
Deferred revenue - Schedule 5 (Note 11)	80,762	80,759
Debenture debt (Note 5)	158,737	148,253
Paid leave benefit (Note 9)	4,969	7,340
Post employment health benefits (Note 9)	5,359	4,123
	384,678	371,353
MUNICIPAL POSITION		
Operating Fund - Schedule 1	-	-
Capital Fund - Schedule 2	52,969	13,757
Reserves and Reserve Funds - Schedule 3 (Note 6)	240,226	201,634
	293,195	215,391
Amounts to be recovered in future years (Note 13)	(131,072)	(113,935)
Municipal equity	162,123	101,456
	$546,801	$ 472,809

The accompanying notes and schedules are an integral part of these financial statements.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Statement of Financial Activities

Year ended December 31, 2000

(All figures rounded to the nearest thousand)

	2000 Budget	2000 Actual	1999 Actual (Note 3)
REVENUE			
Regional taxes (including supplementary taxes)	$ 243,639	$ 251,870	$ 245,851
User charges			
Water and sewer	68,378	72,201	74,211
Other	35,599	39,330	37,280
Fine revenue	872	2,641	-
Grants			
Government of Canada	-	51	1,709
Province of Ontario	115,099	102,442	91,541
Development charges - Schedule 5 (Note 11)	23,176	26,682	26,432
Contributions from developers	607	3,302	2,780
Area municipal recoveries	663	1,674	3,244
Other	3,337	24,677	16,408
TOTAL REVENUE	491,370	524,870	499,456
EXPENDITURE (Note 16)			
Operating Fund - Schedule 1	416,576	393,482	369,972
Capital Fund - Schedule 2	119,429	68,469	74,221
Reserves and Reserve Funds - Schedule 3	-	2,252	693
TOTAL EXPENDITURE	536,005	464,203	444,886
NET (EXPENDITURE) REVENUE	(44,635)	60,667	54,570
FINANCING ACTIVITIES			
Add new debt issued	50,630	25,000	-
Less debt principal repayments	(5,815)	(5,037)	(5,198)
Decrease in workplace safety insurance liability	-	(97)	-
Decrease in paid leave benefit liability	-	(2,371)	-
Decrease in sick leave liability	-	(358)	-
INCREASE IN AMOUNTS TO BE RECOVERED	44,815	17,137	(5,198)
CHANGE IN FUND BALANCES	180	77,804	49,372
FUND BALANCES, BEGINNING OF YEAR	-	215,391	166,019
FUND BALANCES, END OF YEAR	$ 180	$ 293,195	$ 215,391

The accompanying notes and schedules are an integral part of these financial statements.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Statement of Changes in Financial Position

Year ended December 31, 2000

(All figures rounded to the nearest thousand)

	2000	1999 (Note 3)
OPERATIONS		
Net revenue	$ 60,667	$ 54,570
Uses		
Increase in accounts receivable	-	(15,193)
Increase in other current assets	-	(1,212)
Decrease in sick leave liability	(358)	-
Decrease in workplace safety insurance liability	(97)	-
Decrease in paid leave benefits liability	(2,371)	-
	(2,826)	(16,405)
Sources		
Decrease in accounts receivable	21,318	-
Decrease in prepaid expenses	5,836	-
Increase in accounts payable	3,153	14,707
Increase in other liabilities	1,275	1,769
Increase in deferred revenue	3	12,676
Increase in post employment health benefit liability	1,236	3,304
	32,821	32,456
Net increase in cash from operations	90,662	70,621
FINANCING		
Long-term debt issued	25,000	-
Long-term debt repaid	(5,037)	(5,198)
Net increase (decrease) in cash from financing activities	19,963	(5,198)
NET CHANGE IN CASH AND SHORT-TERM INVESTMENTS	110,625	65,423
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	340,088	274,665
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	$ 450,713	$ 340,088

The accompanying notes and schedules are an integral part of these financial statements.

1. MUNICIPAL STRUCTURE

The Regional Municipality of Durham came into existence on October 15, 1973 and assumed its responsibilities on January 1, 1974, under the authority of the Regional Municipality of Durham Act, 1973.

The Region comprises the following Area Municipalities:

- City of Oshawa
- City of Pickering
- Town of Ajax
- Town of Whitby
- Municipality of Clarington
- Township of Brock
- Township of Scugog
- Township of Uxbridge

and is responsible for services within these Area Municipalities related to the following:

- Financial, including all debt issues.
- Protection to persons and property, including Police, Conservation Authorities, Emergency Planning, Fire Co-ordination and 911 Emergency Telephone services.
- Transportation Services, including all Regional Roadways and Traffic Control.
- Environmental Services, including the Water Supply System, Sanitary Sewerage System, Regional Storm Sewer System and Waste Disposal.
- Health Services, including Public Health Services and Inspections, and Emergency Medical Services.
- Social and Family Services, including General Assistance, Homes for the Aged and Day Nurseries.
- Planning, including official plan administration.
- Regional Development and Promotion.
- Administration, prosecution and collection of fines under the Provincial Offences Act (POA)

2. SUMMARY OF ACCOUNTING POLICIES

The Consolidated Financial Statements of the Corporation of the Regional Municipality of Durham are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

(a) Basis of Statement Presentation

i. The consolidated financial statements reflect the activities of the Operating Fund, Reserves, Reserve Funds, and the Capital Fund of the municipality, including the activities of the Durham Region Police Services Board.

ii. The Trust Funds administered by the municipality are not included in these consolidated financial statements. The Trust Funds financial statements are disclosed separately.

(b) Basis of Accounting

i. Accrual Basis of Accounting

Expenditures and their related sources of financing are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues, as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

ii. Capital Assets

The historical cost and accumulated depreciation of capital assets are not reported for municipal purposes. Capital assets are reported as an expenditure in the Consolidated Statement of Financial Activities in the year of acquisition.

iii. Post Employment Benefits

The present value of providing employees with post employment benefits is recognized as employees earn these entitlements through service.

iv. Deferred Revenue

Deferred revenue represents development charge fees which have been collected, but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year in which the services are performed.

v. Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

3. RESTATEMENT OF PRIOR YEAR

During the year, the Region adopted the local government accounting standards recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The impact of this changed basis of accounting, which has been applied retroactively, has included the restatement of certain 1999 comparative figures. The application of these standards has resulted in the following changes to amounts previously reported:

(a) Reserve funds in the amount of $80,762 are now represented as deferred revenue. Development Charges funding for capital projects and for growth related debt service costs in 2000 have been disclosed as development charges revenue and not treated as a transfer from reserve funds. Comparative figures for 1999 have been retroactively restated to reflect this change.

b) Under PSAB, the Region is required to accrue certain liabilities which were not required in prior years. Liabilities for WSIB - $8,502 (1999 - $8,599), Sick Leave - $25,070 (1999 - $25,428) and Paid Leave Benefit - $4,969 (1999 - $7,340) have been reported. The comparative figures for December 31, 1999 have been restated.

4. CASH AND SHORT-TERM INVESTMENTS

Investments, which are recorded at cost have a market value of $450,502 (1999 - $339,983).

5. DEBENTURE DEBT

The balance of debenture debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2000	1999
Total debenture debt incurred	**$157,759**	$146,984
In addition, the Region has assumed responsibility for the payment of principal and interest charges on certain debentures issued by the Province of Ontario	**978**	1,269
Total	**$158,737**	$148,253

Of the debenture debt shown above, the responsibility for payment of principal and interest charges has been assumed by other municipalities and independent boards for a principal amount of $66,206 (1999 -$75,685). The Region of Durham is contingently liable for those debentures for which other municipalities and independent boards have assumed the responsibility for payment of principal and interest.

5. DEBENTURE DEBT (continued)

The debenture debt principal over the next five years is as follows:

	2001	2002	2003	2004	2005
Water Supply Operations	$ 2,702	$ 2,859	$ 3,019	$ 3,194	$ 3,382
Sanitary Sewerage Operation	1,446	1,537	1,537	1,324	1,404
Police Services Board	677	724	774	245	258
Homes for the Aged	1,043	1,107	1,178	1,253	1,333
	$ 5,868	$ 6,227	$ 6,508	$ 6,016	$ 6,377

These annual principal and interest payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

6. RESERVES AND RESERVE FUNDS

Reserves and Reserve Funds set aside for specific purposes by Council:

	2000	1999
Reserves		
Solid waste management	$ -	$ 8,830
Working capital	19,838	18,087
Equipment replacement	9,943	8,258
Regional roads	1,660	1,097
Contingencies	400	400
Sick leave	12,699	9,551
Capital construction	38,196	39,295
Homes for the Aged	1,133	1,133
Sub-total Reserves	83,869	86,651
Reserve Funds		
Treatment Plant/Rate Stabilization		
Sanitary sewage	42,606	32,262
Water supply	27,431	23,719
Regional share of non-residential development		
Sanitary sewage	3,083	2,917
Water supply	2,425	2,294
Solid waste management	11,168	-
Highway #2	503	1,686
General levy stabilization	40,794	25,846
911 emergency telephone system	60	57
Industrial land	1,066	848
Roads property acquisition	282	267
Foreign exchange	3,484	3,300
Workers' compensation	8,887	7,109
York/Durham sanitary sewage	2,979	2,747
Insurance	11,193	10,822
Emergency medical services	385	365
Durham University Centre	11	744
Sub-total Reserve Funds	156,357	114,983
Total Reserves and Reserve Funds	$ 240,226	$ 201,634

7. PENSION AGREEMENTS

The Region makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 2,690 Regional employees. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. No amount was contributed to OMERS in 2000 or 1999 for current service.

The OMERS Board announced a 2% contribution reduction effective January 1, 1998, followed by a temporary contribution holiday for active members and participating employers effective August 1, 1998. The contribution holiday ends on December 31, 2002 and the contribution rates will begin to rise gradually, by equal amounts, until 2005 when the contribution rates will return to normal. While the contribution holiday is in effect, Regional Council authorized the transfer of savings from the 2% reduction to the Sick Leave Reserve, with the remaining savings being set aside in the Capital Construction Reserve, to reduce any future debenture requirements for certain capital projects.

8. LIABILITY FOR VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Region's employment. The liability for these accumulated days, to the extent that they have vested and could be taken in cash by employees on termination, amounted to $25,070 (1999 -$25,428) at the end of the year. An amount of $1,485 (1999- $1,038) was paid to employees who left the Region's employment during the current year, and is included on the Consolidated Statement of Financial Activities.

Anticipated payments for vested sick leave over the next five years to employees who are eligible to retire are as follows:

2001	$ 5,220
2002	2,088
2003	1,566
2004	1,044
2005	522

9. LIABILITY FOR POST EMPLOYMENT BENEFITS

Health Benefits

The Region makes available to qualifying employees who retire before the age of 65, the opportunity to continue their coverage for such benefits as extended health care, drugs, dental care and life insurance. Coverage ceases at the age of 65.

Paid Leave Benefit

The Durham Region Police Services Board allows employees who may be eligible to retire to utilize their sick leave credits for up to a maximum of one year paid leave.

The management of the Region, using the best information available to it, estimated the liability for the above mentioned employee future benefits based on the present value of the current obligation for past and current employees. It is anticipated that this estimate will be refined in 2001, with actuarial assistance.

10. WORKPLACE SAFETY AND INSURANCE OBLIGATION

The Region is a Schedule II employer under the Workplace Safety and Insurance Act and follows a policy of self insurance for all its employees.

An actuarial valuation was completed for the year 2000, which identified that the amount provided in the liability account at year end is sufficient to cover the potential liability of all existing claims.

11. DEFERRED REVENUE

Deferred revenue represents Development Charges collected from growth related residential and commercial building activity collections in accordance with the Development Charges Act 1997. Detail of the activity affecting deferred revenue is provided in Schedule 5.

12. CHARGES FOR DEBENTURE DEBT

Total interest charges for the year for debenture debt that are reported on the Consolidated Statement of Financial Activities are as follows:

	2000	1999
Interest	$ 4,615	$ 4,083

Of the total 2000 charges shown above, $937 was paid from general municipal revenues of the municipality, $2,313 was recovered from the water supply operation and $1,365 was recovered from the sanitary sewerage operation.

These amounts are included on the Consolidated Statement of Financial Activities classified under the appropriate functional expenditure headings.

13. AMOUNTS TO BE RECOVERED IN FUTURE YEARS

Amounts to be recovered in future years represent the necessity of the Region of Durham to raise funds in future years to finance unfunded liabilities.

	2000	1999
Sick leave	$ 25,070	$ 25,428
Workplace Safety and Insurance Benefits	8,502	8,599
Paid leave benefit	4,969	7,340
Debenture debt	158,737	148,253
Less debenture debt recoverable for Area Municipalities and School Boards	(66,206)	(75,685)
Total amounts to be recovered in future years	$ 131,072	$ 113,935

14. CONTRACTUAL OBLIGATIONS

Sanitary Sewerage System

In 1997, the Regional Municipality of Durham and the Regional Municipality of York jointly purchased certain sanitary sewerage systems from the Province of Ontario and entered into a joint operating agreement, whereby Durham will operate and maintain these facilities. Each co-owner is responsible for its share of the operating costs based on actual flows.

Lease Commitments

The Region has commitments under various building lease agreements expiring in 2001 to 2005. These leases require approximate annual rental payments for the next five years as follows:

2001	$ 4,381
2002	4,196
2003	3,641
2004	2,257
2005	1,382

15. TRUST FUNDS

Trust Funds administered by the municipality amounting to $929 (1999 - $1,958) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities. The Trust Funds are reported on separately.

16. CLASSIFICATION OF EXPENDITURES BY OBJECT

The Consolidated Statement of Financial Activities presents the expenditures by function; the following classifies those same expenditures by object:

	2000	1999
Salaries, wages and employee benefits	$ 168,864	$ 150,210
Operating materials and supplies	57,061	59,811
Contracted services	43,081	34,489
Rents and financial expenses	10,076	12,906
External transfers to others	112,037	109,166
Capital assets	68,469	74,221
Debenture interest	4,615	4,083
Total expenditures by object	$ 464,203	$ 444,886

17. BUDGET FIGURES

The approved operating and capital budgets for 2000 are reflected on the Schedule of Operating Fund Financial Activities, Schedule of Capital Fund Financial Activities, and the Consolidated Statement of Financial Activities. The budgets established for the Capital Fund operations are on a project oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with the current years actual amounts. As well, the municipality does not budget for activity within Reserves and Reserve Funds, with the exception being those transactions which affect either the Operating or Capital Funds.

18. CONTINGENCY

The Region has been named as the defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at December 31, 2000, and accordingly, no provision has been made in these financial statements for any liability that may result.

FINANCIAL STATEMENTS

Supporting Schedules

REGIONAL MUNICIPALITY of DURHAM

December 31, 2000

DURHAM REGION

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Schedule of Operating Fund Financial Activities

Year ended December 31, 2000
(All figures rounded to the nearest thousand)

Schedule 1

	2000 Budget	2000 Actual	1999 Actual (Note 3)
REVENUE			
Regional taxes (including supplementary taxes)	$243,639	$251,870	$ 245,851
User charges			
Water and sewer	68,378	72,201	74,211
Other	35,599	39,330	37,280
Grants			
Government of Canada	-	51	324
Province of Ontario	112,947	102,442	88,643
Fine revenue	872	2,641	-
Development charges - Schedule 5 (Note 11)	6,419	6,002	6,455
Other	3,337	10,622	9,125
TOTAL REVENUE	471,191	485,159	461,889
EXPENDITURE			
General government	16,064	15,347	18,089
Protection to persons and property	69,966	68,539	63,964
Transportation services	26,085	26,353	21,736
Environmental services	85,960	81,170	75,083
Health services	26,992	24,090	18,147
Social and family services	155,286	141,954	135,362
Social housing	31,831	30,200	32,092
Planning and development	4,392	5,829	5,499
TOTAL EXPENDITURE	416,576	393,482	369,972
NET REVENUE	54,615	91,677	91,917
FINANCING ACTIVITIES			
Debt principal repayments	(5,815)	(5,037)	(5,198)
Decrease in workplace safety insurance liability	-	(97)	-
Decrease in sick leave liability	-	(358)	-
Decrease in paid leave benefit liability	-	(2,371)	-
Transfer from reserves and reserve funds	3,127	3,092	7,429
Transfer to capital fund	(32,881)	(30,218)	(35,975)
Transfer to reserves and reserve funds	(19,046)	(56,688)	(58,173)
NET FINANCING ACTIVITIES	(54,615)	(91,677)	(91,917)
CHANGE IN FUND BALANCE	-	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	$ -	$ -	$ -

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Schedule of Capital Fund Financial Activities

Year ended December 31, 2000
(All figures rounded to the nearest thousand) **Schedule 2**

	2000		1999
	Budget	Actual	Actual (Note 3)
REVENUE			
Grants			
Government of Canada	-	-	1,385
Province of Ontario	2,152	-	2,898
Development charges - Schedule 5 (Note 11)	16,757	20,680	19,977
Contribution from developers	607	3,302	2,780
Area municipal recoveries	663	1,674	3,244
Other revenue	-	6,340	2,065
TOTAL REVENUE	20,179	31,996	32,349
EXPENDITURE			
General government	2,851	2,409	3,344
Protection to persons and property	6,802	6,024	6,991
Transportation services	22,831	18,557	17,822
Environmental services	33,973	29,869	42,760
Health services	1,806	1,969	560
Social and family services	51,073	9,548	2,619
Social housing	-	6	-
Planning and development	93	87	125
TOTAL EXPENDITURE	119,429	68,469	74,221
NET EXPENDITURE	(99,250)	(36,473)	(41,872)
FINANCING ACTIVITIES			
Proceeds from long term debt	50,630	25,000	-
Transfer from operating fund	32,881	30,218	35,975
Transfer from reserves and reserve funds	15,739	20,467	5,498
NET FINANCING AND TRANSFERS	99,250	75,685	41,473
CHANGE IN FUND BALANCE	-	39,212	(399)
FUND BALANCE, BEGINNING OF YEAR	-	13,757	14,156
FUND BALANCE, END OF YEAR	$ -	$ 52,969	$ 13,757

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Schedule of Reserves and Reserve Funds Financial Activities

Year ended December 31, 2000
(All figures rounded to the nearest thousand) **Schedule 3**

	2000 Budget	2000 Actual	1999 Actual (Note 3)
REVENUE			
Other	-	7,715	5,218
TOTAL REVENUE	-	7,715	5,218
EXPENDITURE			
General government	-	1,546	215
Protection to persons and property	-	451	314
Transportation services	-	194	100
Environmental services	-	60	64
Social and family services	-	1	-
TOTAL EXPENDITURE	-	2,252	693
NET REVENUE	-	5,463	4,525
TRANSFERS			
Transfer from operating fund	19,046	56,688	58,173
Transfer to capital fund	(15,739)	(20,467)	(5,498)
Transfer to operating fund	(3,127)	(3,092)	(7,429)
NET TRANSFERS	180	33,129	45,246
CHANGE IN FUND BALANCE	180	38,592	49,771
FUND BALANCE, BEGINNING OF YEAR	-	201,634	151,863
FUND BALANCE, END OF YEAR	$ 180	$240,226	$ 201,634

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Schedule of Continuity of Reserve Funds

Year ended December 31, 2000

(All figures rounded to the nearest thousand) **Schedule 4**

	Treatment Plant/ Rate Stabilization		Regional Share of Non-Residential Development			
	Sanitary Sewage	Water Supply	Sanitary Sewage	Water Supply	Solid Waste Management	Industrial Land
BALANCE, BEGINNING OF YEAR	$ 32,262	$ 23,719	$ 2,917	$ 2,294	$ -	$ 848
REVENUE						
Interest on investments	1,830	1,331	166	131	503	49
Contribution from revenue fund	8,514	2,381	-	-	1,835	-
Transfer from reserves	-	-	-	-	8,830	-
Other	-	-	-	-	-	169
TOTAL REVENUE	10,344	3,712	166	131	11,168	218
TOTAL EXPENDITURE	-	-	-	-	-	-
BALANCE, END OF YEAR	$ 42,606	$ 27,431	$ 3,083	$ 2,425	$ 11,168	$ 1,066

	Foreign Exchange	Roads Property Acquisition	Workers' Compensation	Emergency Medical Services	911 Emergency Telephone System	General Levy Stabilization
BALANCE, BEGINNING OF YEAR	$ 3,300	$ 267	$ 7,109	$ 365	$ 57	$ 25,846
REVENUE						
Interest on investments	184	15	427	20	3	1,445
Contribution from revenue fund	-	-	1,361	-	-	13,503
TOTAL REVENUE	184	15	1,788	20	3	14,948
EXPENDITURE						
Other	-	-	10	-	-	-
TOTAL EXPENDITURE	-	-	10	-	-	-
BALANCE, END OF YEAR	$ 3,484	$ 282	$ 8,887	$ 385	$ 60	$ 40,794

	York/Durham Sanitary Sewage	Highway #2	Insurance	Durham University Centre	Total
BALANCE, BEGINNING OF YEAR	$ 2,747	$ 1,686	$ 10,822	$ 744	$ 114,983
REVENUE					
Interest on investments	157	97	594	23	6,975
Contribution from revenue fund	75	100	799	350	28,918
Contribution from reserves	-	-	-	-	8,830
Other	-	-	114	-	283
TOTAL REVENUE	232	197	1,507	373	45,006
EXPENDITURE					
Contribution to revenue fund					
General activities	-	1,174	-	-	1,174
Other	-	-	1,136	1,106	2,252
Contribution to capital fund		206	-	-	206
TOTAL EXPENDITURE	-	1,380	1,136	1,106	3,632
BALANCE, END OF YEAR	$ 2,979	$ 503	$ 11,193	$ 11	$ 156,357

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Schedule of Continuity of Deferred Revenue

Year ended December 31, 2000

(All figures rounded to the nearest thousand) **Schedule 5**

	Sanitary Sewage Residential Commercial	Water Supply Residential Commercial	Regional Roads Residential Commercial	Waste Disposal Residential	Administrative Facilities Residential	Police Residential	Homes For the Aged Residential	Development Charge Study Residential	Total
BALANCE, BEGINNING OF YEAR	$ 19,205	$ 41,927	$ 12,434	$ 3,879	$ 1,794	$ 1,426	$ 84	$ 10	$ 80,759
Increase in deferred revenue									
Interest	1,043	2,069	696	217	100	84	12	2	4,223
Development charges	6,307	10,756	4,447	-	-	638	283	31	22,462
	7,350	12,825	5,143	217	100	722	295	33	26,685
Application of deferred revenue									
Contribution to revenue fund for growth related debentures									
Sewer Operations	2,046	-	-	-	-	-	-	-	2,046
Water Operations	-	3,956	-	-	-	-	-	-	3,956
Contribution to capital fund	2,791	11,684	5,872	-	-	333	-	-	20,680
TOTAL APPLICATION	4,837	15,640	5,872	-	-	333	-	-	26,682
BALANCE, END OF YEAR	$ 21,718	$ 39,112	$ 11,705	$ 4,096	$ 1,894	$ 1,815	$ 379	$ 43	$ 80,762

TRUST FUNDS

FINANCIAL STATEMENTS
and
AUDITORS' REPORT

REGIONAL MUNICIPALITY of DURHAM

December 31, 2000

DURHAM REGION

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Deloitte
& Touche

Auditors' Report

To the Members of Council, Inhabitants
and Ratepayers of the Corporation of the
Regional Municipality of Durham

We have audited the balance sheet of the trust funds of the Corporation of the Regional Municipality of Durham as at December 31, 2000 and the statement of continuity of the trust funds for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The trust funds of the Corporation of the Regional Municipality of Durham derive the majority of their receipts in the form of contributions on behalf of the residents of the Homes for the Aged, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of such receipts was limited to the amounts recorded in the records of the trust funds and we were not able to determine whether any adjustments might be necessary to receipts, assets or funds balance at the end of the year.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of trust fund receipts referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation of the Regional Municipality of Durham as at December 31, 2000 and the continuity of trust funds for the year then ended in accordance with the accounting principles disclosed in the Notes to the financial statements.

Deloitte + Touche LLP

Chartered Accountants

Toronto, Ontario
May 18, 2001

Deloitte
Touche
Tohmatsu

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Trust Funds - Statement of Continuity

As at December 31, 2000
(All figures rounded to the nearest thousand)

	Total	Homes for the Aged			Campbell	Social	Miscellaneous
		Residents	Donations	Bequests	Bequest	Services	Donations
BALANCE, BEGINNING OF YEAR	$1,958	$ 639	$479	$825	$ 1	$ 4	$10
RECEIPTS ON BEHALF OF:							
Residents	1,907	1,859	48	-	-	-	-
Recipients	97	-	-	-	-	32	65
Interest earned	79	27	20	31	-	-	1
Total receipts	2,083	1,886	68	31	-	32	66
EXPENDITURES ON BEHALF OF:							
Residents	2,023	1,928	95	-	-	-	-
Recipients	48	-	-	-	-	33	15
Contribution to Capital Fund (Note 2)	1,041	-	319	722	-	-	-
Total expenditures	3,112	1,928	414	722	-	33	15
BALANCE, END OF YEAR	$ 929	$ 597	$133	$134	$ 1	$ 3	$61

Balance Sheet

As at December 31, 2000

	Total	Homes for the Aged			Campbell	Social	Miscellaneous
		Residents	Donations	Bequests	Bequest	Services	Donations
ASSETS							
Cash and accrued interest	$ 929	$ 597	$133	$134	$ 1	$ 3	$61
FUND BALANCE	$ 929	$ 597	$133	$134	$ 1	$ 3	$61

NOTES TO TRUST FUNDS FINANCIAL STATEMENT - DECEMBER 31, 2000

1. **Significant Accounting Policy**

The financial statements have been prepared in accordance with accounting principles generally accepted for Ontario Municipalities as required by the Ministry of Municipal Affairs and Housing, and reflect the following policy as set forth in the Municipal Financial Reporting Handbook.

Basis of Accounting

Receipts and expenditures are reported on the cash basis of accounting with the exception of interest income which is reported on the accrual basis.

2. **Contribution to Capital Fund**

During 2000, the Region of Durham commenced construction of a 300 bed Hillsdale Manor - Homes for the Aged. In accordance with the terms and conditions stipulated for various Bequests and Donations, $1,041 was transferred to the construction project.